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## INTRODUCTION

- 02 Introduction to BITC
- 02 Mission, Vision and Values
- 05 About Botswana

---

## GOVERNANCE

- 06 Chairman's Statement
- 09 Board of Directors
- 12 The Board & Governance
- 14 Chief Executive's Statement
- 16 Executive Management
- 17 Operational & Financial Review

---

## PERFORMANCE

- 24 Strategy & Competitiveness
- 33 Foreign & Domestic Investment Performance
- 37 UK/EU Market
- 41 Facilitating Investment
- 46 Export Development & Promotion
- 58 Brand Botswana
- 62 Reaching Out

---

## FINANCIAL STATEMENTS

- 70 Annual Financial Statements
-





## INTRODUCTION TO BITC

Botswana Investment and Trade Centre (BITC) is an organisation established by an act of Parliament, to become an integrated Investment and Trade Promotion Authority (ITPA) with an encompassing mandate of investment promotion and attraction, export promotion, and development, including management of the Nation Brand.

Through its critical role within Botswana's economy, BITC further encourages domestic investment and expansion, promotes locally manufactured goods to regional and international markets, contributes towards improvement of the investment climate through policy advocacy, increases citizen participation in the economy and creates sustainable job opportunities.

### OUR MISSION

We innovatively attract investment and facilitate export for Botswana's economic diversification and job creation by promoting Botswana as a place to visit, live and invest.

### OUR VISION

BITC will be a leading (apex) Investment and Trade Promotion Agency (ITPA) for the transformation of Botswana into a globally recognised trade and investment destination.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## OUR VALUES

### Humility



Is not self-denigration, but a genuine pride in what one knows and the skills one has. However, it is an acute awareness of what one does not know and the skills one does not have.

The humble leadership and staff of the BITC will be open to the ideas of others, and actively solicit others' opinions and ideas to add to their own. It is a gentle way of asking instead of telling. "We strengthens me."

### Agility



Is to be "change-fit", open to new ways of working, as and when they are required. It is also openness to new ideas which are integrated into practice because they are an improvement.

### Curiosity



Is not merely an openness to new ideas, but an active way of seeking new ideas, information and insights. It is an insatiable desire to know more about more and more.

### Boldness



Is the drive to innovate and make changes in their sphere of influence. It's the total resolve to challenge the status quo at an individual and organisational level for the good of all.

## KEY FUNCTIONS

### Focussed, Selective and Targeted Investment Promotion

In our efforts to become a leading and high performance Investment Promotion Agency, our focus on investment promotion is leveraged on undertaking research to identify growth sectors, packaging them and availing strategic go-to market value propositions that will attract investors to the country. We have put great emphasis on pre-existing strategic national priorities that are focused on delivering economic growth, development and diversification.

These include but are not limited to:

- i. Mining & Energy - Beneficiation
- ii. Agriculture
- iii. Education
- iv. Transport and Logistics
- v. Financial & Business Services
- vi. Tourism
- vii. Manufacturing
- viii. Information & Communication Technology

### Effective Stakeholder Engagement, Involvement and Alignment

Proactive and continuous collaboration with key stakeholders is at the forefront of BITC's strategy. This includes partnership with Botswana Foreign Missions that have a greater footprint within the international market and provide a platform through which foreign direct investment can thrive by identifying business partnerships, beneficial industry associations, and providing a point of information exchange for both international and domestic investors.

### Effective Investor Facilitation and Aftercare

The organisation provides an in-house One Stop Service Centre that provides the following services to local and international investors:

- Company and business registration
- Trade and business license applications
- Entry VISAs, work and residence permits
- Work Permit Exemptions
- Connection of utilities e.g. power, telecommunications and water



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## INTRODUCTION (CONTINUED)

- Income Tax and VAT registration
- Access to industrial and commercial land
- Allocation of BITC factory space (subject to availability)
- Environmental Impact Assessment (EIA) Compliance
- Provision of information on the Botswana business climate, regulatory regime and investment opportunities
- Opening a Bank Account

BITC operates a Resource and Reference Centre that was established through the Joint Integrated Technical Assistance Programme (JITAPI), a programme jointly implemented by ITC, UNCTAD and WTO. The Centre disseminates appropriate trade and investment promotion related information and is open to Government officials, the business community, academia, students and the general public.

### Building a Competitive and Attractive Business Environment

BITC significantly contributes to improvements in the investment climate through policy advocacy aimed at ensuring facilitation of a competitive business and investment climate and to foster greater economic activity. This includes making recommendations for competitive changes to legislation and the national investment framework.

### Sustainable Export Development and Promotion

Through local manufacturers, Botswana has the potential to export more products to various regions. To realise this potential, the current focus is to intensify the Botswana Export Development Programme that will assist and support local manufacturers in terms of improvement of product quality, packaging and increased production, so as to meet potential buyers' requirements and expectations. BITC engages in intensive export promotion to facilitate participation by local manufacturers in regional and international expos, with the aim of exposing their products to export markets and thereby increasing their export potential.

### National Image Building and Global Awareness Creation

As BITC, we are privileged to have at our disposal the Nation Brand, which seeks to position Botswana to domestic, regional and international audiences as an attractive place to visit, work and invest. The Nation Brand highlights our national assets - our people, culture, tourist attractions, business potential and reputation for good governance.





## ABOUT BOTSWANA

Botswana is strategically located at the heart of the Southern African Development Community (SADC) - a region with more than 250 million people.

Underpinned by good governance and zero-tolerance to corruption, it is one of the most stable and investor friendly economies in Africa. Although its economy has been anchored on resource endowments, particularly diamonds, the country is lauded as a developmental success story on the continent.

Botswana has created an enabling environment for capital and business to thrive and support its strategic focus to diversify the economy into value-adding sectors that will serve a fast emerging regional market.

As a result, it is the fourth most competitive economy in Africa, and one of the easiest African countries to do business on the continent.

## BOTSWANA'S UNIQUE SELLING POINTS

Third most profitable country globally & most profitable in Sub-Saharan Africa (baseline profitability index 2015).

**292** million

SADC consumer market.

Highest investment credit rating in Africa for sovereign credit ratings of 'A-' and 'A-2' for long and short-term bonds denominated in domestic and foreign currency.

(Source: S & P 2018)

**2<sup>nd</sup>** freest economy in Africa.

(Source: Economic Freedom 2018)

**4<sup>th</sup>** Investment destination in Africa.

(Source: Quantum Global 2018)

**Competitive Tax Rate**  
And Robust Incentive Framework.

**4<sup>th</sup>** Competitive economy in Africa.

(Source: Global Competitiveness Report 2018)

**2<sup>nd</sup>** Best in safety and rule of law in Africa.

(Source: Economic Freedom 2018)



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS





## CHAIRMAN'S STATEMENT

It is with great pleasure that I present to you the Botswana Investment and Trade Centre (BITC) Annual report for the financial year 2017/18.

Looking back on the past 5 years of our just ended strategic plan, we are able to reflect on both achievements and challenges in meeting the objectives of 2013-2018 strategic plan whose main strategic direction was based on 'Effectiveness' and 'Growth'.

### ECONOMIC AND INVESTMENT LANDSCAPE

FDI has been the driving force in Botswana's rapid graduation from least developed to middle-income country. The impact of FDI, while significant in terms of contribution to Gross Domestic Product (GDP) as well as fiscal revenues, has remained limited with respect to developing linkages with the local private sector. This is largely so because over the years the composition of FDI has not changed, with the mining sector accounting for more than 70% of Botswana's total FDI.

The diamond sector remains the cornerstone of Botswana's export performance. Whilst the performance of non-mining sectors has been on a positive growth path in recent years, it has not significantly contributed to export diversification.

The non-mining sector performance is largely driven by growth in service-oriented sectors, notably water and electricity; trade, hotels and restaurants; and transport and communication.

Manufacturing sector continues to under perform indicating the extent of challenges that the country is facing in its quest to industrialize.

The transformation of the economy from being resource dependent to a diversified

economy remains important for Botswana. Outside the mining sector the economy has not managed to attract FDI that could create new sources of growth for the economy. Despite the economy consistently scoring impressive results in perception surveys by different international agencies, benefits of these good reviews have not translated to economic transformation.

Private sector participation in the economy has not yet reached its full potential. Reforms targeted at improving the business environment are progressing at a slow pace. Evidence from the Global Competitiveness and World Bank Ease of Doing Business Reports indicates that there are still some key areas that need prompt attention.

### DELIVERY ON THE MANDATE

Despite operating in a tough and challenging environment BITC made significant strides in the past 5 years in tactically and innovatively promoting Botswana as a leading destination to visit, live in, to invest and trade in Africa, with a focus on accelerated economic growth, diversification, employment creation and export development.

BITC efforts in the past 5 years have yielded a total capital investment of BWP12 billion comprising of BWP6.2 billion Foreign Direct Investment (FDI) and BWP5.8 billion Domestic Investment (DI) against a target of BWP11.5 billion. For the same reporting period 11,881 jobs were created against a target of 12,344. The financial services sector has been the largest contributor to the value of investment realized while the manufacturing sector was the leading contributor in terms of jobs created.



# CHAIRMAN'S STATEMENT (CONTINUED)

Through its export development and promotion efforts a total of BWP10.5 billion was realised from export markets against a target of BWP10.1 billion.

## EASE OF DOING BUSINESS

While acknowledging our past successes, in the year under review Botswana slid 10 spots down from 71 to 81 in the rankings of the World Bank's report on Ease of Doing Business. The Ease of Doing Business ranking shows how much the regulatory environment has changed relative to that in other economies.

The drop in the rankings demonstrates that other countries are undertaking reforms at a faster pace than us. While BITC is currently the apex body for investment and trade promotion in Botswana, the Authority does not have the requisite powers to issue permits and licenses on the spot. This makes it difficult for the country to determine its national service standards and turnaround times, which are key in global promotional messaging.

However, it is worth noting that our country has delivered on some reforms that have been undertaken in order to resolve some of the pain areas in the doing business environment. In addition to these, other reforms undertaken include; launching of the Botswana One Stop Service Centre; IFSC Revitalization; Online Tax Clearance; Online Company Registration; Special Economic Zone Authority; Signing of SADC-EPA and Signing of SADC-EAC-COMESA tripartite trade agreement.

Also, on a positive note, despite the challenges, we as BITC have made strides in advocating for the business facilitation law as this law will compel institutions to process

applications within defined time periods.

## DOMESTIC INVESTMENTS

Being a critical stakeholder in the implementation of the national Local Economic Development plan, we are cognizant of the need to rejuvenate economic activities especially in areas affected by job losses as a result of mine closures and as such have established partnership with SPEDU and Francistown City Council in an effort to intensify joint efforts for attraction of investment into such areas.

Joint promotion missions have been executed to sell the regions as viable investment destinations within Botswana to targeted investors.

Follow ups are ongoing with all identified potential leads to ensure conversion of the projects in order to create employment for the local communities. Also, through Governments' local economic development drive we have played a key role in engaging local economies across the country on profiled investment opportunities that are available in their areas. These were identified through a rural mapping study developed by BITC.

BITC continues to encourage and facilitate joint venture partnerships between Botswana and foreign investors. In the year under review we made strategic efforts to boost confidence in domestic investments through a dedicated domestic investment promotion drive delivered through the organizations' outreach programs, which calls for local businesses to be aware and take advantage of investment opportunities that exist in the country. We further continue to position ourselves locally as ready to assist the private sector through its business facilitation services. This is evidenced through embarking

on a robust aftercare program to address investor issues thereby allowing them to expand.

## FUTURE OUTLOOK

BITC's strategy going forward and sectors of focus in terms of investment promotion are informed by Vision 2036 to ensure our efforts are aligned to deliver on national priorities to develop, diversify and grow the economy.

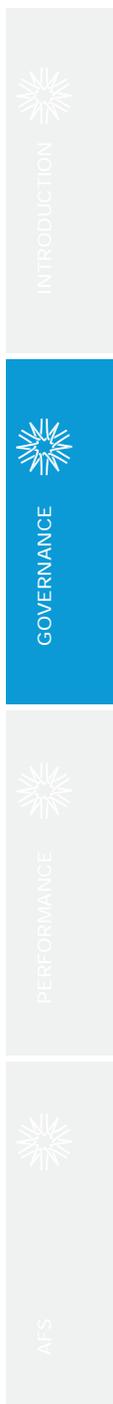
Our key focus with regards to Vision 2036 is ensuring our clearly defined stakeholder matrix and stakeholder engagement plan are executed efficiently to ensure we are continually abreast with all national developments and reforms that affect and impact our mandate. Through these strategic engagements we have developed an advocacy framework that enables us to make input and recommendations to government on reforms necessary to improve our business environment.

The new BITC strategy for 2018-2023 is designed to meet the country's major objectives set out in the National Vision 2036 and the current National Development Plan (NDP) 11. The overarching intent of the strategy is to establish Botswana as an attractive investment destination for sustainable socio-economic development, with trade outputs that meet export standards to assist Botswana to become a self-sufficient economy.

Our strategic choice and direction therefore hinges on the prioritization of Client Centricity, Execution, Talent Curation, Financial Sustainability and Creative Environment.

## APPRECIATION

In conclusion I would like to congratulate the BITC Board of Directors, management and staff



## CHAIRMAN'S STATEMENT (CONTINUED)

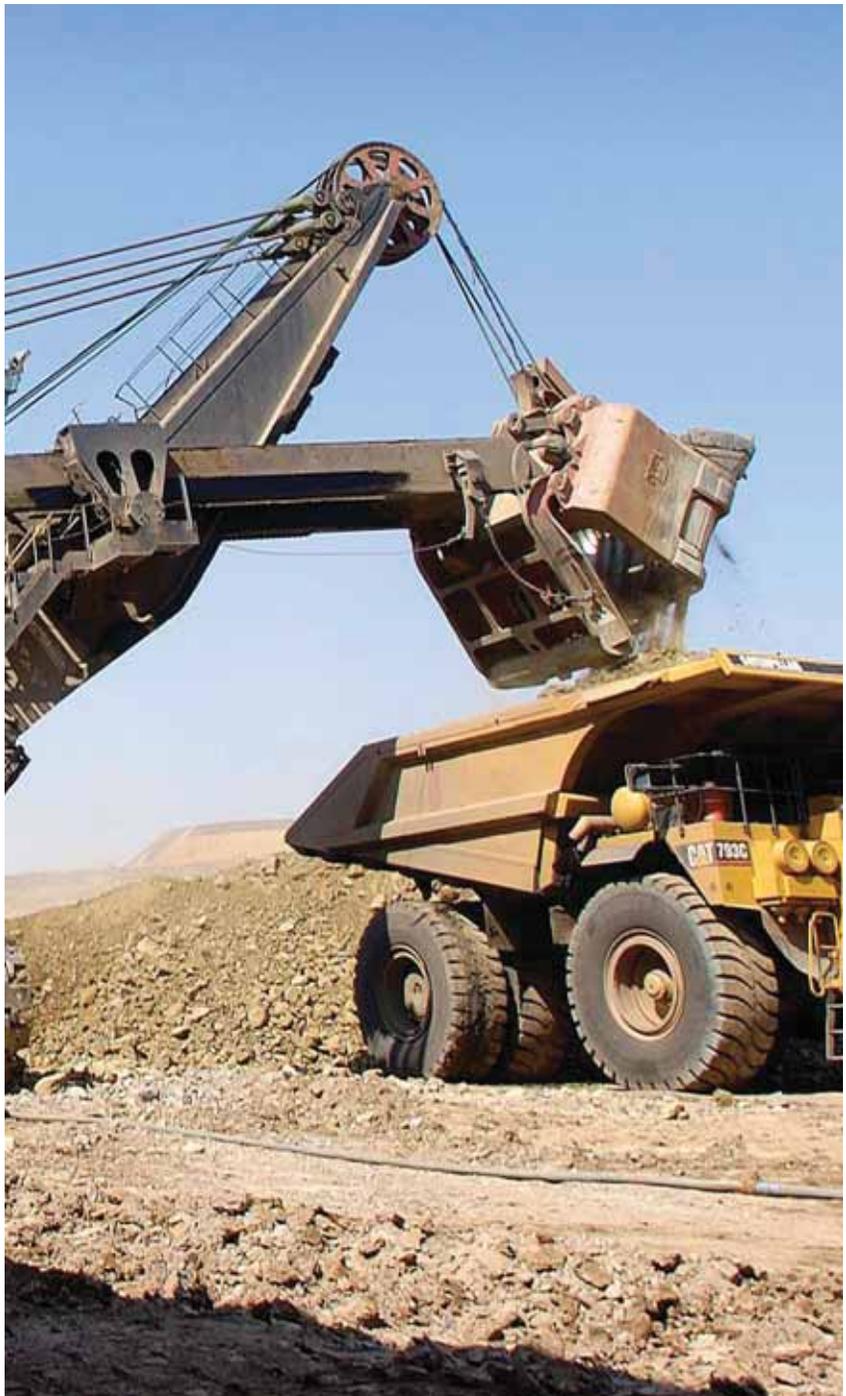
for the successes we have achieved during our first 5-year strategic plan (2013-18).

These as you know were realised against persistent and difficult internal and external challenges proving you to be a solid and focussed team.

Going forward and to take us to the next level, we must continue to work as a military unit, for anything short of that will perilously threaten our ability to successfully execute our mandate. Let us all pull together for the benefit of our fellow Batswana.



Thank you,  
Victor Jakopo Senye



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

# BOARD OF DIRECTORS



## BOARD OF DIRECTORS (CONTINUED)

1

### Victor Jakopo Senye Board Chairperson

Victor Jakopo Senye rose through the ranks to the position of General Manager Business Development during his tenure with the Botswana Development Corporation (BDC). In late 2003, he joined Botswana's largest asset management firm - Botswana Insurance Fund Management (BIFM). He was appointed CEO in January 2005, where he steered the company to a remarkable growth in assets and diversified the portfolio. In 2011, he moved on to pursue his business interests through his company - Haighs Investments (Pty) Ltd. He holds a BComm (University of Botswana), MSc Management (Arthur D. Little), and PIAM (Harvard).

2

### Christopher Roy Garland Vice Chairman

Christopher Roy Garland has amassed vast senior management experience on the African continent in the fields of Logistics, Project Management, International Financial Planning & Corporate Structuring, Foreign Direct Investment Consultancy, Investment and Funding Management. He has served as Co-Founder Managing Director for Capital Corporation (South Africa), Retail Manager Marketing for Burma Oil (United Kingdom) as well as Chief Executive Officer Truck Africa Group (SADC Region based in Botswana). He currently holds the post of Managing Director - Fidelity Indemnity (Pty) Limited. Garland holds an Honours degree in Financial Planning and is a Certified Financial Planner (CFP).

3

### Peggy Onkutlwile Serame Board Member

Ms Peggy Onkutlwile Serame was appointed Permanent Secretary in the Ministry of Trade and Industry from 1<sup>st</sup> January 2015. She is charged with the responsibility of promoting industrial development, economic growth and diversification, as well as facilitating job and wealth creation. She is also responsible for coordinating work on regional integration and negotiation of trade agreements.

4

### Macie Keneilwe Molebatsi Board Member

Macie Keneilwe Molebatsi has vast experience in HR Management. She has worked for the Botswana Institute of Administration and Commerce (BIAC), Institute of Development Management - Botswana, Lesotho and Swaziland (IDM - BLS), and also worked for Water Utilities Corporation (WUC). Macie is currently running an HR Consultancy company as well as serving as Board Member in parastatal organisations. Macie Keneilwe Molebatsi holds an MBA, a BCom and a Certificate in Management Services, a certificate in Training of Management Educators (TOME) and SAP Human Resource and Administration.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## BOARD OF DIRECTORS (CONTINUED)

5

### Ellen Lopang Richard-Madisa Board Member

Ellen Lopang Richard-Madisa has held various positions in organisations in the Banking and Finance Sectors which have enabled her to accumulate extensive knowledge and experience in these disciplines. She worked for Bank of Botswana where she held several positions. Ellen has worked for Ministry of Finance Development and Planning (MFDP) since 2003, where she has held leadership roles including those of Chief Finance Administrator: Head of Finance and Banking Section; Director: Finance and Banking Section. She holds a BCom Degree in Economics (Financial); BCom Degree in Management Balance of Payments as well as a Diploma in International Economics and Political Economy for Trade Unions and an Associate Diploma in Banking (Botswana Institute of Bankers).

6

### Terence Dambe Board Member

Terence Dambe holds a Bachelor of Laws (LLB) from the University of Botswana. He started his legal career at Minchin & Kelly (Botswana) Attorneys in 1989 as a Professional Assistant and became a Partner in 1993. He currently serves as the firm's Managing Partner. He is a past member of the Judicial Services Commission, Executive Committee member of the Botswana Football Association and currently serves on the Confederation Africaine de Football (CAF) Legal Affairs and Player Statutes Committee.

7

### Belinda Mosweu Board Member

Belinda Mosweu is a qualified real estate professional with a BSc in Real Estate Management and MSc in Strategic Management and has full membership to the Real Estate Institute of Botswana and the Real Estate Advisory Council. She has worked for the Botswana Government at the Ministry of Lands and Housing. Belinda has also been with the Botswana Housing Corporation (BHC), participating in property management, development and sales roles. Following BHC, Belinda worked as private consultant for the banking sector, Local Government, a pension fund and investors providing estate agency and property valuation services. Ms Mosweu later joined Botswana Fibre Networks (BoFiNet) in 2013 as Facilities Manager. She currently works for De Beers Sight holder Services.

8

### Palesa Audrey Semele Board Member

Palesa Audrey Semele has held various positions within the field of Audit. She started her career in 1998 under the employ of Ernst and Young as an Auditor Junior. Palesa has also worked for the Botswana Development Corporation as Principal Internal Auditor and Stanbic Bank as Head of Internal Audit. Palesa has since 2012 been employed by Botswana Building Society as Head of Internal Audit responsible for implementing and overseeing the Society's internal Audit program. Palesa holds an ACCA from Botswana Accountancy College.



## THE BOARD & GOVERNANCE

The Board of Directors is a governing body appointed by the Honorable Minister of Investment, Trade and Industry (MITI).

As the governing body of the organization, the Board is charged with Governance, risk management and financial reporting responsibilities.

The Board, drawn from diverse backgrounds with a wide range of experience and professional skills, oversees and guides the strategic direction of BITC. It determines the policies and courses of action for giving effect to the objectives and purposes of the Centre as per the BITC Act CAP 42:12 and the BITC Board Charter adopted in 2013.

In the year under review, the BITC Board comprised of nine members; eight non-executive directors and one ex-officio member as stated below;

### BOARD OF DIRECTORS

Victor Senye	Board Chairperson
Christopher Roy Garland	Vice Chairman
Terence Dambe	Member
Palesa Audrey Semele	Member
Ellen Lopang Richard-Madisa	Member
Macie Keneilwe Molebatsi	Member
Peggy Onkutlwile Serame	Member
Belinda Mosweu	Member
Meshack Tshekedi	CEO (A)
Keletsoitse Olebile	Ex-Officio Member

### BOARD MEETINGS

During the year under review, the Board of Directors in compliance to its statutory obligation, held meetings to provide strategic direction and leadership, and discuss matters relating to, inter-Alia, strategy performance, financial objectives, plans and expenditure, Governance and sustainability, risk management, performance and effectiveness of controls, as well as organizational structure, staffing and welfare.

Dates of meetings are scheduled annually in advance. Additional meetings are convened as and when material issues arise, requiring decisions by the Board.



## THE BOARD & GOVERNANCE (CONTINUED)

### BOARD SUB-COMMITTEES

The Board has the power to establish sub committees as it considers necessary to assist it in the performance of its duties. These sub committees work on key issues in greater detail and provide feedback to the Board.

The BITC Board has in place the following three sub committees:

#### AUDIT COMMITTEE

The purpose of the Committee is to assist the Board of Directors fulfil its responsibilities for the financial reporting process, risk management, system of internal controls, the audit process, and the Centre's compliance with laws and regulations. The Audit Committee derives its mandate from the Audit Committee Charter.

**Members:** Mr. C.R. Garland (Chair), Ms. E. Richard-Madisa (Member), Ms. P.A. Semele (Member).

#### HUMAN RESOURCES COMMITTEE

The mandate of the Human Resources Committee is to support and advise the Board on Human Resource policies and practices and framework for appropriate and equitable compensation of BITC employees.

**Members:** Ms. M.K. Molebatsi (Chair), Mr. C.R. Garland (Member), Ms. P.A. Semele (Member).

#### EXTERNAL TENDER COMMITTEE

The External Tender Committee is charged with the responsibility to ensure that there are adequate guidelines, controls, measures and standards to regulate fair and transparent procurement of goods and services.

**Members:** Mr. T. Dambe (Chair), Ms. P. O. Serame (Member), Ms. B. Mosweu (Member).

### CONFLICT OF INTEREST

In order to ensure that any interest of a Board Member in a particular matter to be considered by the Board is brought to its attention, declaration of interest procedures have been put in place. These declarations are submitted by Directors at the beginning of each meeting and are available for review any time.

### INDEPENDENT EXTERNAL ADVICE

Board members are entitled to seek independent professional advice on any matter connected with the discharge of their responsibilities, in accordance with the procedures set out in the BITC Board Charter.

### INTERNAL AUDIT FUNCTION

The Internal Audit function provides independent and objective assurance to the Audit Committee and Executive Management on the appropriateness and effectiveness of the Centre's Governance processes, Risk Management and Internal Control Environment, as well as identifying corrective actions and suggesting enhancements to these controls and processes.

Risk Based Audit Plans are approved by the Audit Committee and implemented ensuring relevance and alignment of the internal audit activity, consistent with organizational goals.

### FRAUD AND CORRUPTION

BITC is committed to eradicate fraud, corruption, unethical behaviour and misappropriation of public funds, by promoting highest standards of integrity.

The Centre desires to be a model of public probity by affording maximum protection to the public funds it administers. In that regard, the Whistle-Blowing policy was developed to promote ethical behaviour. Through this policy, an anonymous toll-free fraud and ethics hotline was established for reporting of any acts of corruption, malpractice or unethical behaviour. This line serves as a deterrent and detection mechanism for any undesirable act perpetuating fraud and corruption.

### RISK MANAGEMENT FUNCTION

Enterprise-wide, Risk Management (ERM) continues to be a focal area for BITC and it is seen as a fundamental element of Corporate Governance by both the Board of Directors and Management. Management is responsible for establishing and operating the risk management framework on behalf of the Board.

Risks and opportunities are identified throughout the Centre, against business objectives. Proactive action plans and mitigation strategies are then developed to ensure that all unacceptable risks are managed to tolerable levels and opportunities are pursued and realized. Continuous monitoring mechanisms give assurance on the effectiveness of these plans and strategies, and where ineffective, aid a redesign.

A continuous review process also assists in prompt identification of emerging risks and mitigations thereof.



Meshack Tshekedi  
CHIEF EXECUTIVE OFFICER (A)

## CHIEF EXECUTIVE'S (A) STATEMENT

2017/18 financial year marked the end of the BITC first 5 year strategic plan and I have the pleasure to present the 2017/18 BITC Annual Report.

In the year under review, BITC continued promoting Botswana as a leading destination to invest and trade in Africa with focus on accelerated economic growth and diversification, employment creation and export development.

### PERFORMANCE

In the year ended 31<sup>st</sup> March 2018, the organisation's overall performance of 80.8% recorded a 6.9% increase in comparison to prior year performance of 73.9%. Our targeted overall performance in all perspectives was 80% and we achieved a favourable variance of 0.8%. This annual percentage growth can be attributed to the recovery of the relatively subdued economy in the prior year.

Total capital investment realised for the financial year under review was BWP2.9 billion against a target of BWP3.7 billion. Total capital investment comprised of BWP1.1 billion Foreign Direct Investment and BWP1.8 billion Domestic Investment.

Total employment of 3,050 jobs was registered against an annual target of 3,150. Our export portfolio registered BWP2.3 billion against an annual target of BWP2.7 billion.

At macroeconomic level, the recovery of the global economy has had a positive impact on the performance of the domestic economy. Salient sectors that registered improved results include the Resource sector, Trade, Hotel and Restaurants sector, Financial and Business Services sector and Transport and Communications sector.

At institutional level, the positive variance in the overall results can be attributed to the efforts that BITC continues to effect

noteworthy being the Botswana One Stop Services Centre that was launched in October 2017. The objective of the one stop service centre is to bring all the government agencies and service providers under one roof. The centre has significantly improved efficiency and transparency in servicing investors and availing them comfort in facilitating diverse investments. The turnaround time of the one stop centre is outstandingly better than the previously sought after bureaucratic government authorizations outside BITC.

BITC was instrumental in the Immigration Act reforms which resulted in the implementation of a quota system for work and residence permits and VISAs.

In the year under review, we embarked on an aggressive investor after care campaign which materially contributed to expansions and capital investments and consequently subscribing to our overall positive output.

I further ascribe the improvement in results to the targeted investment promotion process that we put into effect three years ago where we have sector specific value propositions which heavily focus on identified sectors that the country has high chances of converting investments.

The elevated profile of the Global Expo Botswana had notable input associated with the high profile guest speaker being Sir Richard Branson. The traction emanating from this was unprecedented as the expo attracted significant and notable speakers and investors.

Activities around the trade portal contributed positively to the



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## CHIEF EXECUTIVE'S STATEMENT (CONTINUED)

performance as they conveniently provide investors with information related to regulatory and licensing of goods, imports and exports.

Locally we have a domestic investment program where we sell value propositions and investment opportunities to the local investors. This program is combined with our outreach program as headed by the communications business unit where we have stake-holder engagements with all the districts across the country. We have made strides in ensuring that our brand and its mandate are made aware in all districts.

Each business unit has its target engagements with their respective key stakeholders and we have a stakeholder map where we engage on an ongoing basis and have quarterly targets for engagements with our stakeholders, priority being those who provide services to our investors.

A number of engagements were undertaken in the year under review, salient ones being the African Growth and Opportunity Act (AGOA) forum where the AGOA program was unpacked for local exporters to understand its mandate, framework and support provided. Our partnership with Local Enterprise Authority (LEA) in some forums concentrated on raising export awareness.

We have worked in cohesion with Selibe Phikwe Economic Development Unit (SPEDU) an investment company for the region.

The aftercare program is another drive that is implemented even to our domestic investors, where across all the districts the investors are visited and engaged on their areas of concern, challenges and most importantly where they

require assistance in their expansion plans. Capacity building interventions through the Botswana Exporter Development Programme (BEDP) resulted in ten (10) companies being assisted with developing their export marketing plans, while another eight (8) were taken through quality management and productivity improvement training.

Four (4) more companies received training from Senior Experten Services (SES) of Germany to improve marketing capabilities, optimal efficiency operations and improvements on their productivity.

In the year under review we produced and aired a television program which showcased locally produced goods and services dubbed "Making it in Botswana". The program was in partnership with the Botswana Television and showed products and services predominantly from the manufacturing industry.

It is evident that through this exposure and showcasing, prospective investors gain confidence and are able to appreciate the level of industrialization in our country.

There were 13 episodes which covered 25 companies across Botswana, covering a wide manufacturing spectrum of goods.

A key program such as this is ordinarily used to showcase the investment opportunities available in our country and also to unmask our domestic markets.

We have received overwhelming positive feedback associated with the program as most of the people including residents were only brought to realization through this program that products such as hair products, perfumes, food additives,

PVC pipes and car batteries were actually manufactured locally.

I wish to thank the Board of BITC for giving me the opportunity not only to work here but to have led the institution in the just ended year. On behalf of the team I also wish to thank the Ministry of Investment Trade and Industry (MITI).

I further wish to thank the management of BITC for the support they gave me while I was here and the opportunity to lead them.

Special mention goes to the staff for remaining resolute through most of the difficult times we had, I wish to thank them for being focussed and continuing to deliver good results that we would not have achieved had it not been for their efforts.

Thank you,  
Meshack Tshakedi

## EXECUTIVE MANAGEMENT



Left to Right

1. **Reginald Selelo**  
Executive Director, Business Facilitation
2. **Bame Moremong**  
Executive Director (A), Brand Management
3. **Keletsoitse Olebile**  
Executive Director, Strategy Competitiveness
4. **Trunklinah Gabonthone**  
Executive Director (A), Export Development & Promotion
5. **Emeldah Phokoletso**  
Executive Director, Shared Services
6. **Reitumetse Aphiri**  
Executive Director, Investment Promotion (Not In Picture)



**Moemedi Mokgosi**  
Executive Director, International Business - UK & EU



**Gemma Mbegabolawe**  
Executive Director, International Business - Asia/Middle East & Gulf Countries



**Moshie Ratsebe**  
Executive Director, International Business - South Africa



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS





## OPERATIONAL & FINANCIAL REVIEW

BITC's Shared Services function comprises of four departments; Finance, Organisational Development, Information Communication Technology, Procurement and Logistics.

The overall functions of the Business Unit include but are not limited to financial management, human capital management and development and the sourcing of goods and services used to facilitate the business.

The services also include provision of information communication technology support services that enable the delivery of world class customer services to BITC clients.

To this end, the different departments within Shared Services are responsible for delivering bespoke support services to enable consistent excellent service to clients.

### ORGANISATIONAL DEVELOPMENT

The success of BITC relies on employees who are able to deliver on our strategic objectives by upholding our values and working

according to the "A-WAY" as defined by our corporate culture framework. We invest in our employees from the moment they join and throughout their employment with BITC. We emphasise diversity in recruitment that aligns well with government initiatives on Citizen Empowerment (CEE) Initiatives.

We are guided in the way we appoint, reward, develop and apply policies within our workplace, by our 4 corporate values which propel us towards our shared Vision. We appoint people for their potential - we take on the responsibility of providing appropriate learning and development opportunities for all our people, making them not only competent in their jobs, but overall knowledgeable citizens.

A total of 73 employees were in the Centre's employment at the end of the reporting year, 38 being male and 35 female employees.

This supports our commitment to employment equity and diversity in our workforce profile. While continually striving to increase the diversity of our people, we also place special focus on ensuring a fair and equitable work environment.

Diversity at management level remains a challenge, exacerbated by aspects to these positions such as job location, scarcity of specialist skills required and low turnover.

Strategies to address challenges in diversification of our employee profile are integrated into the people initiatives and embedded in the Centre's Talent Management Strategy.



INTRODUCTION



GOVERNANCE



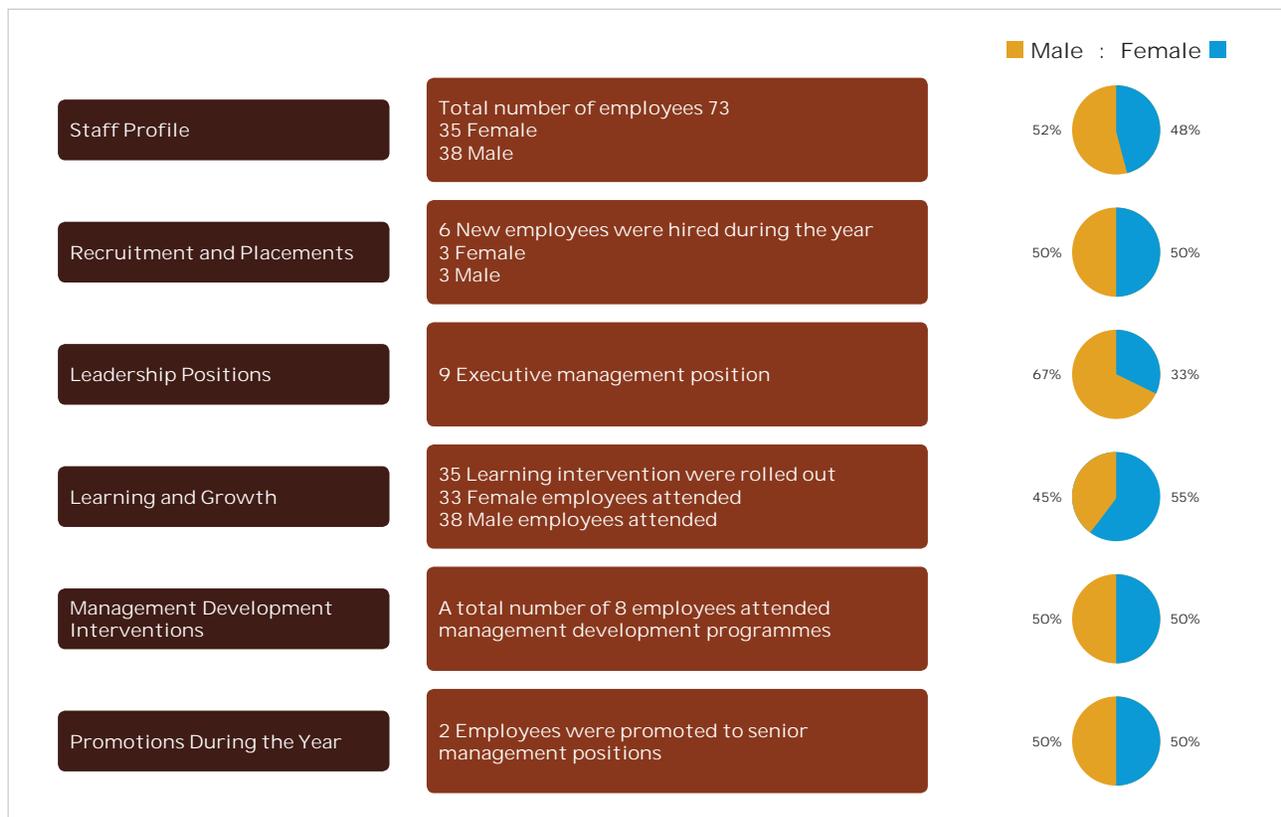
PERFORMANCE



AFS

## OPERATIONAL & FINANCIAL REVIEW (CONTINUED)

### Our Employee Profile



As an employer, we help improve Botswana's employment situation in the following ways:

- Creating new job opportunities for new graduates.
- Focus our recruitment on young people who need to acquire work experience and skills, all the six employees hired during the financial year were under the age of 30.
- Provide training and development support and opportunities for employees mainly under the age of 40, whose careers are still blossoming.
- We continuously endeavour to ensure our career options and reward strategies are aligned to what employees value.

Within this context, BITC continues to enjoy specific employee based benefits including:

- Continuously attracting scarce skills
- Remaining relevant and competitive on signing on sought-after talent, in terms of attraction and retention strategies applied.
- Providing and maturing leadership and management skills. To this end, six employees successfully completed the leadership training programme offered by University of Stellenbosch whilst an additional two employees completed the leadership course offered by SADC DFRC.

## OPERATIONAL & FINANCIAL REVIEW (CONTINUED)

### TALENT ACQUISITION

As a rapidly growing Investment and Trade Promotion Agency, we need to attract employees with the appropriate skills, diversity, experience and values required by our business model and ambitions. We hire for potential and train for competence. The total staff complement was 73 of which 66% of employees are between the ages of 24 and 40 years. As an illustration, in the past year six employees were appointed to new or vacant positions of which all the positions required basic skills in information technology. Certain dominant skills in promoting prioritised sectors have become highly sought-after due to BITC's strategic and competitive positioning. As we expand, we adapt our sourcing and acquisition approach to the required skills segments in the market to reach, engage and sell our opportunities to these sought-after candidates.

We deploy job-specific sourcing and selection strategies that best suit the nature of the talent we seek for each position, as opposed to taking a single channel or blanket approach. In large areas of the business, including the entry-level, this translates to hiring for potential and training for competence. In more specialised areas we hire experienced and competent employees. With lower expected levels of new regional offices opening any time soon, we are focusing more on efficiencies within the individual regional offices and through partnerships with the Ministry of International Affairs & Cooperation to deliver value adding service. This requires a different mix of skills and experience, and informs our aim to appoint for an evolving transforming Investment and Trade Promotion Agency of the future. Our recruitment process includes a holistic assessment of candidates to determine whether the person is a fit in terms of our service model and values.

### TALENT RETENTION

As much as employees want to develop and mature their talent in the job market, the employer must ensure the optimal return on investment in talent. The retention of critical skill is a priority. We manage this talent retention through robust talent metric tracking and diagnostics and performance review discussions which include a 360-degree value compliance assessment embedded in our performance management system. Combined with the analysis of employee data, we predict and manage succession needs, identify development opportunities and mitigate human capital risks.

Two major retention challenges are: our uniquely young employee profile and the high mobility of suitable employment equity candidates in the general market.

We are addressing this by offering more internal development and career path opportunities while expanding the pool of available candidates through investing in graduate development and learner ships such as offering graduates internship and temporary employment opportunities. We also employ a flat hierarchical structure to create exposure opportunities and this is often cited by employees as a meaningful retention factor. To this end seven employees were given exposure through rotational appointments to senior and executive level positions to gain experience and develop leadership tenacity whilst building the Centre's bench strength.

Through such interventions, we are developing key performance indicators relating to succession, especially for leadership positions. Succession candidates are identified throughout the financial year and shall be assessed in terms of potential and technical skills, which shall be used to create structured opportunities for exposure and integration. To this end, BITC conducted an organisational structure review exercise which was completed in August 2017, the recommendations will guide the structural enhancements that will be done to improve service delivery.

### TALENT DEVELOPMENT

BITC employees have clear performance, development and career goals which help us engage on matters that create value for them and for BITC. Talent diagnostic and review discussions, combined with the analysis of people data, succession needs, development opportunities and potential risks, provide input for future decisions and planning. Our talent management approach includes the following elements:

- A business-driven and dynamic performance management system that optimises group and individual performance and assists in identifying talent and development opportunities.
- Talent diagnostic and review sessions done as part of the performance appraisal process are used to indicate succession needs, development opportunities and risks to be actioned.

#### Performance Management

BITC's performance management practices are well established and support our continuous improvement focus. Our performance management approach includes:



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## OPERATIONAL & FINANCIAL REVIEW (CONTINUED)

- Continually developing our Performance Management System (PMS) which enables us to track variances in performance.
- Facilitating the signing of Individual employee performance contracts that form the basis of regular review conversations.
- Bi-annual Individual and performance assessments.
- Individual performance development plans.

The PMS links company-wide strategic initiatives and key performance indicators to divisional goals and measures, which in turn cascade down through every level to all employees. PMS is a reporting channel that provides a weekly and monthly view, while integrating personal performance measures to align the entire organisation. The average individual employee performance was 80%, whilst the organisational performance was 80.8% indicating a strong correlation between individual employee performance and the organisation's performance.

### Leadership Development

Leadership development remains a core focus area. It enables us to create a learning that is continuously evolving and changing to adapt to changes in the operational environment to successfully implement the BITC Corporate Strategy. Leadership effectiveness was enhanced by developing and implementing leadership standards. In addition to formal development, we started an initiative to improve the cohesiveness of leadership teams.

This is supported by an informal leadership campaign to stimulate conversations on inspiring, empowering, nurturing relationships and developing people which is delivered through scheduled weekly Executive Management sessions hosted by individual EXCO members on a rotational basis.

To further enhance client service levels through a focus on product and process, knowledge management has put in place a team to review the effectiveness of the current Customer Relations Management (CRM). Other interventions to develop leaders to inspire, empower and develop our people and build a positive culture will include nurturing an environment that supports team work and the establishment of a performance driven culture.

## EMPLOYEE ENGAGEMENT

Human resources had a strong specialist focus in the

past. To improve the execution of the people objectives for the business, we now promote regular interaction between human resource practitioners and line managers in the Business Units, where HR is able to advise at local level and line managers remain responsible for most people practices consistent with our open culture and flat structure.

Line managers are supported in shouldering this responsibility through leadership development initiatives, 8 employees attended leadership development programmes.

This model takes the full employee value chain into account. Employees engage and develop their talent when there is a healthy relationship between line managers and their direct reports. Good working relationships ensure that both parties take responsibility for their actions and performance.

### Our Employee Relations Approach Includes:

- Quarterly staff meetings during which employees are given updates and afforded the opportunity to provide input relating to initiatives that are being implemented by different departments within BITC
- Pro-actively encouraging in two way communication across all levels facilitated by a well-documented Communication Policy.
- Availability of Employee-related policies, including (but not limited to) Staff Manual, Staff welfare Policy, Industrial Relations Policy and Code of Conduct.
- Communicating these policies to employees to provide clarity and guidance.
- Continuous monitoring to ensure compliance with applicable legislation.

We endeavour to ensure that our employees experience transparency and fairness in their engagement with the business. We respect confidentiality and are open about processes and requirements. We ensure similar employee experiences across all offices - in the same way that clients enjoy a consistent service experience across all our offices.

An example of this culture is how we put employees in control of their own earnings. They are guided on packages structuring through structured presentations offered during weekly Friday inspirational hour sessions, but have options to adapt these to their unique circumstances.

## OPERATIONAL & FINANCIAL REVIEW (CONTINUED)

We also offer our employees a wide range of employee assistance programmes, including:

- Employee wellness programme (also extended to families through forums such as the wellness day and family fun day).
- Risk benefits including Worker's Compensation, Group Life and Motor Insurance Cover.
- Funeral cover
- Medical aid and health insurance.
- Retirement planning training workshop.
- Home internet services for Senior Management.
- Recreational allowances for all employees.

### FINANCIAL PERFORMANCE

For the year ended 31<sup>st</sup> March 2018 the Centre recorded a surplus of BWP15,785,331 which shows an increase of 176% from last financial year's deficit of BWP20,784,835. This is largely due to an increase in fair value of investment property of BWP4,240,493 as opposed to fair value loss in March 2017 of BWP29,314,072.

#### Revenue

The Centre continues to be wholly dependable on Government funding at 82% of its total revenue and 18% internally generated from rental of factory shells, Global Expo and interest generated from financial market investments. This has surpassed the Centre's annual target of 15% which was largely contributed by increase in interest generated from investments and Government subvention. In the financial year ended March 2018, BITC received a total subvention of BWP100,330,560 which was 1.5% decrease from the initial subvention of BWP101,830,560. The 1.5% was reduced during the beginning of quarter four by Government.

#### Budget Utilization

A budget utilization was optimized at 93%, a shortfall of 2% from last financial year (2017: 95%) Once again, the more integrated approach to financing marketing and promotional activities contributed to the improvement in operational efficiencies. The Centre has during the year built capacity through collaborations with other stakeholders in its effort to reduce on costs.

#### Economic Diversification Drive (EDD)

BITC is fully compliant to the government initiative which seeks to stimulate local production and consumption by leveraging on its purchasing power to procure from locally based manufacturers and service providers. As at March 2018, local purchases constituted 85% of the total procurement with foreign purchases at 15%.

### Future focus areas

- The Centre is planning on developing a sustainable financial strategy and come up with new ways of increasing efficiency in the use of resources and assets
- Build capacity through collaborations with key stakeholders
- Motivate for cost sharing between business units for missions and other activities
- Solicit for external funding to finance key initiatives of the Centre

### INFORMATION COMMUNICATION TECHNOLOGY

In 2014, a comprehensive Information Communication Technology (ICT) strategy was developed, supported by a sound Statement of User Requirement in line with the organizational Corporate Strategy for the period 2012-2017. BITC through the ICT department has implemented most of the operational improvements in the strategic plan and realized improved operational efficiencies.

The network security environment has been reinforced through upgrade of core switch and firewall which supports more secure link encryptions and protection against unauthorized users and attackers and potential cyber-attack. Security controls have been enhanced by continuous awareness training sessions, policy reviews, security audits and adherence to industry standards.

#### Stability of Operational Platforms

The stability and robustness of the technology environment is critical to the sustainability of BITC information system. The current operational platform (backbone architecture) is more scalable, stable, provides high availability and high performance. This has positively contributed to improved stability of infrastructure and thus overall improved service delivery.

#### Information Accessibility

We strive to make information accessible anytime and anywhere for modern business requirements. This has been achieved through successful commissioning of the cloud office suite (Office 365).

The benefits realized, include larger mail storage, anytime anywhere access, document synchronization, business collaboration tools, skype for business-conferencing and Information Collaboration.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## OPERATIONAL & FINANCIAL REVIEW (CONTINUED)

The product continues to receive good receptive attitude from staff and the percentage utilization is higher than ever before in any new system introduction. Plans are underway to integrate RSA and India offices in the next financial year to improve operational efficiencies and reduce turnaround times.

### Marketing Activity Enhancements

BITC made significant strides during the year by automating business match making services where investors could log into the system, select and schedule meetings with preferred potential partners. The 2018 Global Expo Registration was therefore conducted online to bring about efficiencies in the facilitation of meetings and post event data analysis to make informed decisions as shown below.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## OPERATIONAL & FINANCIAL REVIEW (CONTINUED)

### Business Continuity Management (BCM)

Through the adoption of Business Continuity Management leading practises, BITC seeks to preserve and safeguard its reputation, strengthen operational resilience by ensuring continued operations to achieve its service delivery obligations. To this end, we developed a detailed BCM Policy, Crisis Management Plan and a Disaster Recovery Plan.

In February 2017, BITC carried out a Disaster Recovery Test and implored the services of external experts: Deloitte, who independently observed and reviewed the test process and outcomes. A follow-up Disaster Recovery Test was carried out in February 2018, the tests were also successful and the set recovery time and point objectives were met.

#### Planned Future Projects

The Organisation is looking forward to developing new innovative technological solutions to support the roll out of the newly launched 5-year Corporate Strategy objectives by harnessing the power of ICT.

Initiatives lined up for the new financial year will include but not limited to:

- Share Point deployment
- Process review & work flow automation
- Laptop encryption solution deployment
- Mobile device management deployment
- Regional offices integration.
- Customer Relationship Management (CRM) deployment



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS





## STRATEGY & COMPETITIVENESS

2017/18 financial year marked the end of the BITC first five year strategic plan.

BITC has been monitoring its performance through monthly and quarterly reviews which are then submitted to the Board of Directors.

In addition to this, BITC reports its performance to the Office of the President through quarterly HE's Briefs and Flagship Reports. The just ended five year strategy was underpinned by BITC's vision to be a globally recognised leader (3G) Investment and Trade Promotion Agency in Africa.

Despite operating in a tough and challenging environment the centre made significant strides in the past five years in tactically and innovatively promoting Botswana as a leading destination to visit, live in, to invest and trade in Africa, with a focus on accelerated economic growth and diversification, employment creation and export development.

BITC's 2013-18 strategy was based on two themes: **"Effectiveness and Growth"**.

The **Effectiveness** theme was set to improve the service effectiveness through effective coordination, technology optimisation, service quality, process optimization and partner performance whilst **Growth** was premised on expanding and growing the market through targeted promotion, service differentiation, focussed value proposition, sector and optimisation of funding opportunities.

The table below shows the specific Business and Customer (impact) objectives that were driving the past five year Strategy.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## STRATEGY & COMPETITIVENESS (CONTINUED)

PERSPECTIVE/ STRATEGIC THEME	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR
Business Impact	Investment Growth	Return ratio (Return: Pula)
		FDI (Pula)
		Total domestic investment (Pula)
		Total investment expansion (Pula invested in existing business expansions)
	# Jobs created direct and (indirect)	
Export Growth	Total export value (Pula)	# Product lines
Nation Brand Awareness	% Average improvement on NBI familiarity results	
Customer Impact	Achieve stakeholder support for competitive business environment	# Active stakeholder forums
		% Advocacy recommendations adopted
	Improve customer responsiveness	Average % achieved on BITC responsiveness standards
		CSI index score
		Average % achieved on BITC responsiveness standards
	Sell sector value proposition	# New clients targeted
% Conversions		
Improve BITC brand awareness	CBA index score	

It is worth noting that BITC measures performance against targets using the relevant performance indicators that are linked to objectives and core mandate.

The organization attained an overall average of 83.95% during the five years of operation against an excellence performance target of 80%.

YEAR	TARGET (%)	ACTUAL (%)
2013/2014	80	85.0
2014/2015	80	90.1
2015/2016	80	90.0
2016/2017	80	73.9
2017/2018	80	80.8
Average	80	83.95



## STRATEGY & COMPETITIVENESS (CONTINUED)

BITC's efforts in the past five years have yielded a total capital investment of BWP12 billion comprising of BWP6.2 billion Foreign Direct Investment (FDI) and BWP5.8 billion Domestic Investment (DI) against a target of BWP11.5 billion. Through its export development and promotion efforts a total of BWP10.5 billion was realised from export markets against a target of BWP10.1 billion.

For the same reporting period 11,881 jobs were created against a target of 12,344. The financial services sector has been the largest contributor to the value of investment realized while the manufacturing sector was the leading contributor in terms of jobs created.

PERIOD	FDI Target	FDI Actual	DI Target	DI Actual	Capital Investment Target	Capital Investment Actual	Jobs Target	Jobs Actual	Export Target	Export Actual
2013/ 2014	600m	642.15m	500m	449m	1100	1091.51	2300	656	1160m	1904m
2014/ 2015	660m	1446.57m	500m	1700m	1160	3146.57	2300	3316	1900m	1825m
2015/ 2016	726m	1493.01m	826m	377.05m	1552	1870.06	2530	1703	2090m	2151m
2016/ 2017	1800m	1500.48m	2192m	1582m	3992	3082.48	2064	3156	2222m	2232m
2017/ 2018	1800m	1082m	1900m	1782.76m	3700	2864.76	3150	3050	2700m	2361m
<b>Total</b>	<b>5586m</b>	<b>6164.21m</b>	<b>5918m</b>	<b>5890.81m</b>	<b>11504</b>	<b>12055.02m</b>	<b>12344</b>	<b>11881</b>	<b>10072m</b>	<b>10473m</b>

### Other significant achievements from the previous strategy include:

The establishment and launch of Botswana One Stop Service Centre (BSSC) which provides an investment facilitation mechanism where relevant government agencies have been brought together into a single cohesive structure that coordinates and streamlines processes to provide prompt, efficient and transparent services to investors.

The establishment of the Botswana Trade Portal which is a web-based platform that assists the business community with all statutory trade and regulatory information such as administrative procedures, applicable fees, forms, licences, permits and applicable penalties.

Development of the sector specific value propositions for several key sectors such as Leather, Beef, Soda Ash, Automotive and Components Manufacturing, Transport and Logistics and ICT. These value propositions guide investors on the possible business opportunities within the value chains of the different sectors.

BITC has hosted successive Global Expo Botswana events alongside high-profile investment conferences.

The event has managed to attract big names such as Sir Richard Branson and former South Africa Reserve Bank Governor, Mr Tito Mboweni. In addition BITC saw through the successful setting up of the Special Economic Zones Authority (SEZA).



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## STRATEGY & COMPETITIVENESS (CONTINUED)

### THE 2017/18 FINANCIAL YEAR PERFORMANCE

The overall organizational performance as at the end of the 2017/18 financial year stood at 80.8%. The 80.8% overall achievement represents an increase when compared to the 2016/17 organizational performance score of 73.9%. The performance results represent 0.8% above the organisation's excellence performance threshold of 80%.

During the 2017/18 financial year, the business impact perspective, which houses the BITC apex measures recorded a performance of 77%.

The customer and stakeholder perspective registered 90% performance due to a satisfactory performance posted by advocacy recommendation adopted and conversion rate measures which both performed at over 100%. All measures under the customer and stakeholder perspective registered an over 80% performance.

Internal processes perspective registered an unsatisfactory 58%. The performance of this perspective has been affected by a 0% on number of innovative ideas adopted

as well as 40% achievement on key processes reviewed. However, the percentage compliance on processes audited measure achieved 100%. People and learning perspective registered a performance of 98%, while the financial perspective registered 98% performance and the income generation measure exceeded the target by over 100%.

### THE BITC 2018-23 STRATEGY FORMULATION AND DEVELOPMENT

The development of the second five year strategy for the BITC was kicked off during the third quarter of the 2017/18 financial year. The new BITC strategy for 2018-23 is designed to meet the country's major objectives set out in the National Vision 2036 and the current National Development Plan (NDP) 11.

The overarching intent of the strategy is to establish Botswana as an attractive investment destination for sustainable socio-economic development, with trade outputs that meet export standards to assist Botswana to become a self-sufficient economy. The strategy method selected for the formulation of the BITC's strategy is known as 'Functional Strategy;

The functional strategy views strategy as a way of functioning, formulated specifically to meet the charter and challenges of the BITC, to be as effective as possible in all the environments and contexts in which it operates.

Our strategic choice and direction therefore hinges on the prioritization of Client Centricity, Execution, Talent Curation, Financial Sustainability and Creative Environment.

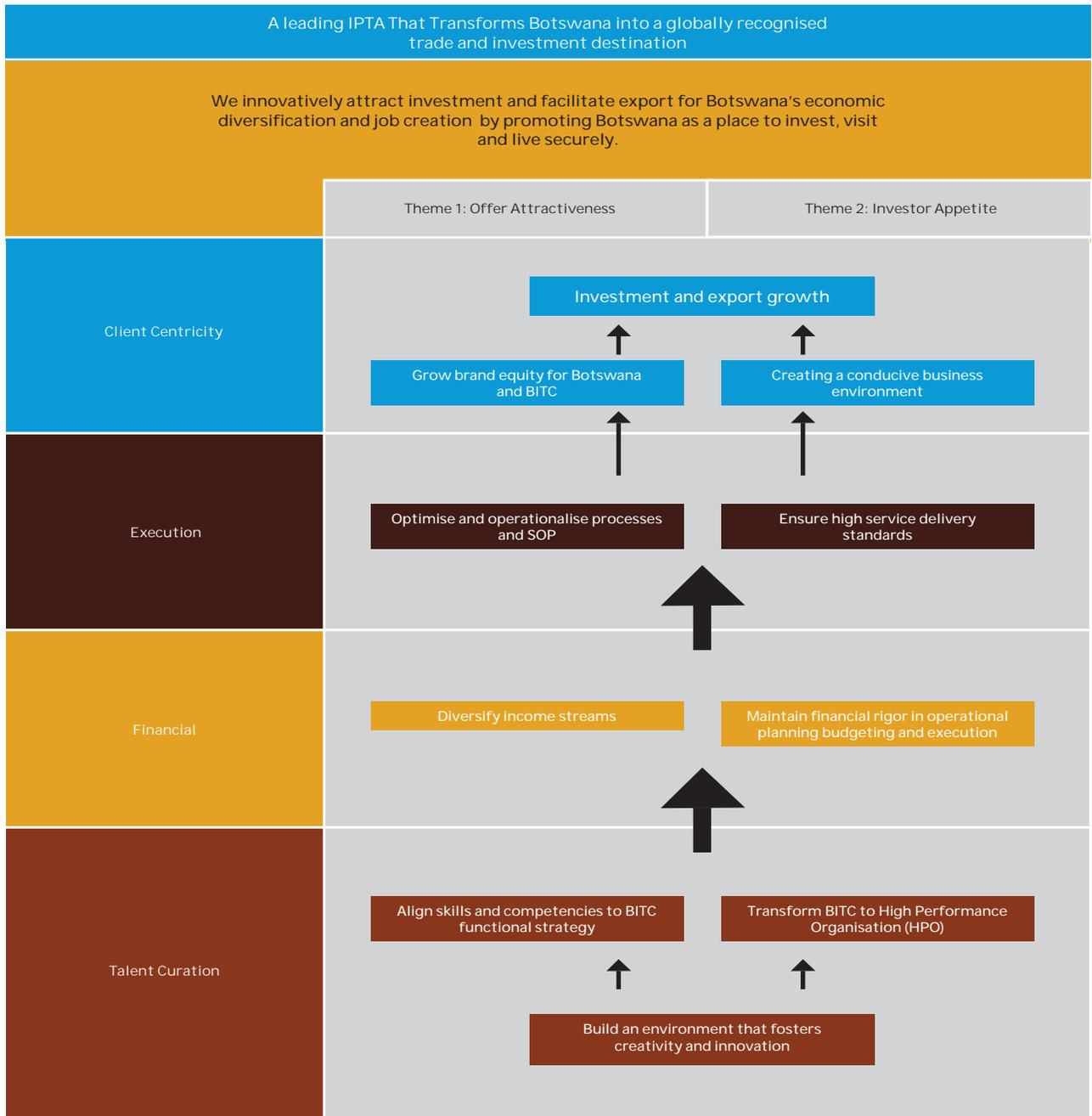
As a professional services organization, the BITC will always be defined by the quality of the talent it can attract and retain. The organization needs to curate talent for its specialists. Execution of the strategy is important for BITC to be

successful. Every member of the BITC, whatever the organization undertakes, must be right, first time. The strategy emphasizes the need for creativity in every employee and a creative environment that encourages and facilitates creative thinking and action at all levels.

Furthermore, BITC must have the client at the centre of all decisions. The functional strategy, therefore dictates that, regardless of any scenario that may prevail in the country and the global environment, BITC will always excel.

## STRATEGY & COMPETITIVENESS (CONTINUED)

### BITC 2018-23 STRATEGY MAP



## STRATEGY & COMPETITIVENESS (CONTINUED)



### RESEARCH & MARKET INTELLIGENCE

BITC's Research Function provides both BITC and its clients with critical information to inform both the strategy and decision making. The unit conducts various surveys, gathers market intelligence, monitors local and global economic developments, monitors FDI markets and contributes to various technical committees that have been setup by Ministry of Investment Trade and Industry. In the past year the unit has been involved in the following projects:

#### 1. BOTSWANA ECONOMIC REVIEW (2017).

GDP at current prices stood at BWP180,127.7 million in 2017 compared to BWP170,588.9 in 2016, which is an increase of 5.6%. Real GDP increased by 2.4% in 2017 compared to 4.3% increase in 2016.

This growth in real GDP was mainly attributed to Trade, Hotels & Restaurants, Finance & Business Services and Transport & Communications.

There are positive expectations for the economy, as we anticipate increase in diamond production, and fiscal expansion given the implementation of NDP 11 and Vision 2036. For the year 2018 growth rate is expected to recover to 4-5%.



Figures as at 2017

Source: BITC

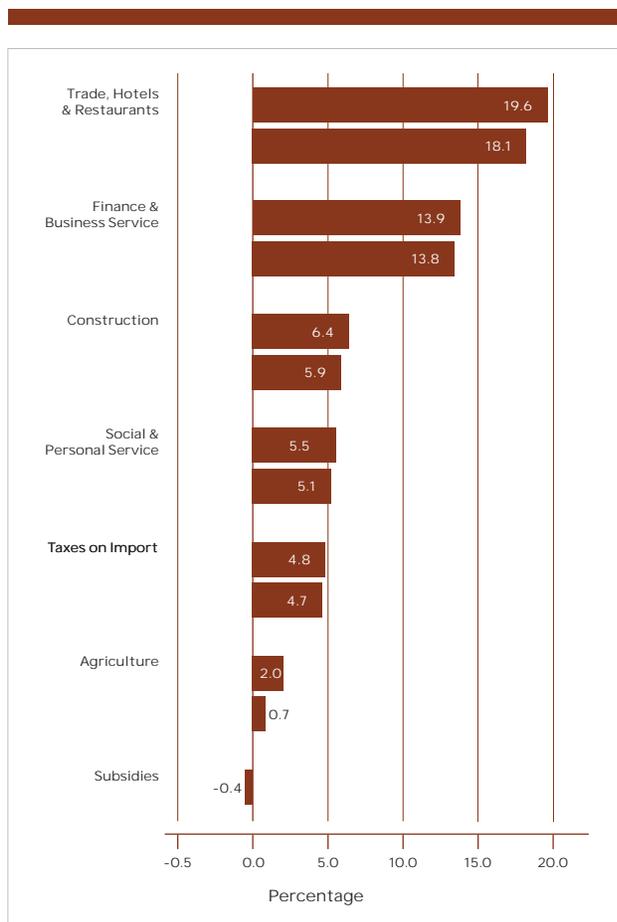
## STRATEGY & COMPETITIVENESS (CONTINUED)

### Gross Value Added to GDP by Economic Activity

The analysis of the economic activity indicates that the mining sector has been surpassed by the trade, hotels and restaurants sector, with a contribution of 19.6 percent. This is a direct impact of significant contraction of mining and a sign of economic diversification.

Other sectors that had a significant contribution are; finance & business services at 13.9 percent, and general government at 13.8 percent. The graph below depicts sectorial contributions;

Contribution of Gross Value Added GDP by Economic Activity in 2017



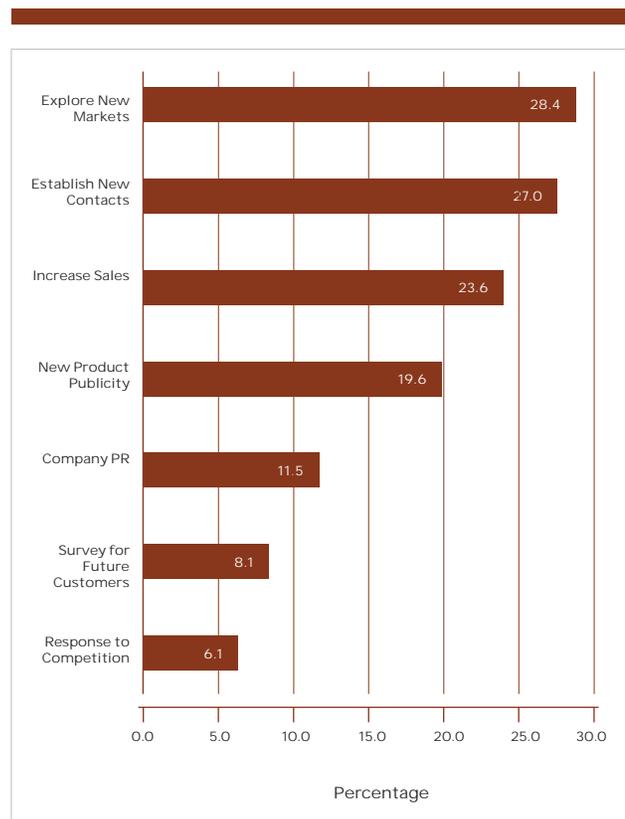
Source: BITC

### GLOBAL EXPO BOTSWANA (EXHIBITORS & VISITORS) SURVEY

During Botswana's leading premier expo, BITC conducted the exhibitor and visitors survey, aimed at capturing feedback from stakeholders during the expo. This availed an opportunity to build a prospective database of key stakeholders and clients.

Key highlights from the survey indicates that; 90.4 percent of exhibitors affirmed that GEB 2017 had an impact on their businesses, whereas only 9.4 percent stated that GEB 2017 did not have an impact; 87.8 percent of exhibitors revealed that their objectives were met and only 12.2 percent affirmed the opposite.

These respondents highlighted some of their objectives as; explore new markets 28.4 percent, establishing new contacts 27.0 percent, increase sales 23.6 percent, and new product publicity.



Source: BITC

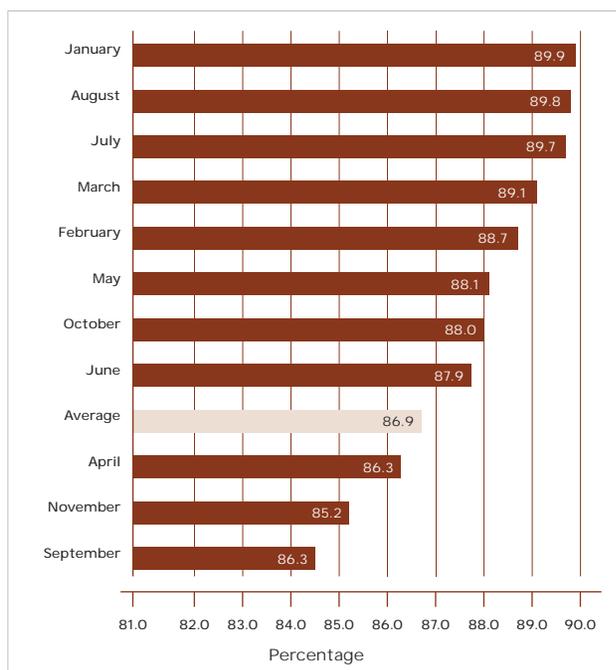
## STRATEGY & COMPETITIVENESS (CONTINUED)

### 2. CUSTOMER SATISFACTION INDEX SURVEY

This is a monthly survey which seeks to determine an index for BITC to measure the level of satisfaction as experienced by various BITC external walk in clients seeking the organization's services. The survey entails several factors such as customer expectations, quality of service delivery, courtesy, executional excellence, accessibility, responsiveness and quality of information provided amongst other factors. It is also the intention of the survey to identify BITC service delivery challenges, expectations, and opportunities, as experienced and perceived by external customers.

The analysis indicates that the average customer satisfaction score for 2017 is 86.9 percent, reflecting excellent customer service experience by clients. This is above the set target score of 85 percent, which reflects high levels of customer centricity by BITC. Overall BITC clients have experienced high customer service throughout the year, the highest experience was on the months of January (89.9%), August (89.8%), July (88.7%) and March (89.1%).

BITC's Customer Satisfaction Score in 2017



Source: BITC

### 3. INTERNAL CUSTOMER SATISFACTION (ICS)

The purpose of the Internal Customer Satisfaction Survey for BITC is to establish the current level of satisfaction experienced by staff from internal departments. In addition, it aims to identify service gaps if any and indicate areas of improvement, as well as to assess staff behaviors towards service and refine them to match or exceed customer expectations. The survey also accords BITC the opportunity to evaluate the departments' service strengths, opportunities and weaknesses, while prioritizing improvement strategies to target areas which need more attention.

The results show that all departments recorded ICSS index scores within the range of 65-72 percent; thus, falling below the organization's set target of 85 percent customer satisfaction level. Further, the overall organization's index score is far below the set target, standing at 67.7 percent. This implies that the centres of excellence are currently performing below their best expected levels. Although the index scores are below the target, all the scores fall within the "satisfactory" category. This indicates that in general, the departments are satisfied with the services they receive from the Centers of excellence departments. On the other hand, the overall BITC ICSS index score of 67.7 percent indicates that in aggregate, current service delivery in the organization is just "satisfactory".

A comparison of index scores for different departments shows that the Corporate Communication recorded the highest departmental ICSS index score of 71 percent. This indicates that other departments are satisfied with the services provided by this office. Other departments that recorded good performances are; Strategy & Competitiveness at 70.4 percent, procurement at 66.8 percent, while Finance and ICT have 65.2 percent each. Although all the departments' services are considered satisfactory, there is much that needs to be done to reach the BITC's set target of an 85 percent index score for customer satisfaction.

#### Overall Internal Customer Satisfaction Levels



Source: BITC

## STRATEGY & COMPETITIVENESS (CONTINUED)

### 4. MARKET INTELLIGENCE

BITC continued to provide desktop research and market intelligence using intelligence tools subscribed to; including BMI, FDI markets, Decision Support Model and ITC market analysis tools. These strategic intelligence tools provide; market analysis for different potential products, bilateral trade analysis. Furthermore, BITC uses them during; sector profiling and identify target investors.

These tools enable the organization to efficiently undertake its strategic actions, regarding investor targeting, trade facilitation, and inbound & outbound investment missions.

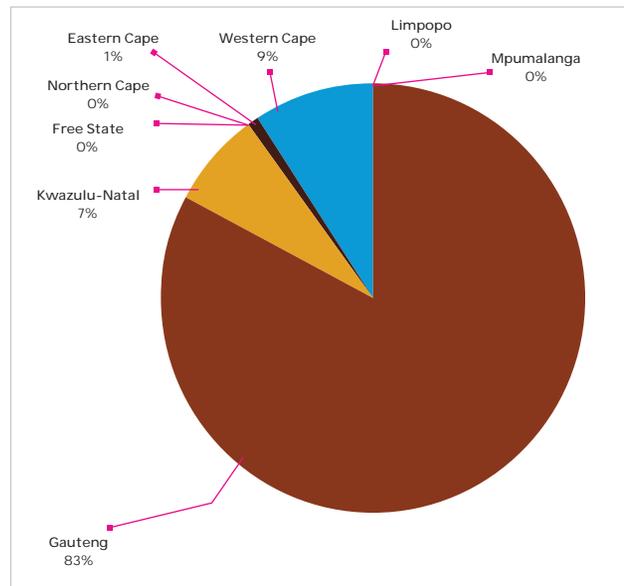
During the year 2017/18 BITC's intelligence tools were used to support; inbound and outbound missions in these markets: South Korea, Botswana UAE Road Show Week, French Business Forum, Botswana Mozambique State Visit, Botswana, Japan Investment Promotion and V3 Countries (Hungary, Slovakia and Poland).

Further, content information was provided on the following publications, Botswana Investment Handbook, Botswana's long term macroeconomic performance, diplomats content magazine and macroeconomic indicators (terms of trade, real interest rate and trade openness) for all SADC countries.

### 5. SOUTH AFRICAN MARKET SURVEY

The survey explored entirely new (non-traditional) markets for Botswana products/services within South African provinces, with the aim of existing market access opportunities for Botswana exports into South African provinces through the investigation of the market size, consumer tastes and preferences, prices, barriers to entry as well as competition landscape.

Total imports of priority products covered by the study amounted to R21,7 billion in 2016. Gauteng represents the largest market in South Africa followed by the Western Cape and KwaZulu Natal. It should however be noted that the provincial trade statistics are captured according to the postal code as it appears on the invoice. Given the significant percentage of companies that have their head office in the Province, this can skew the statistics in Gauteng's favour.







## FOREIGN & DOMESTIC INVESTMENT PERFORMANCE

The performance of BITC in the year 2017/18 in terms of capital inflows was below the anticipated target.

The 2017/18 annual FDI capital inflows realised stood at BWP1082.2 million against an annual target of BWP1800 million. The realised Total Domestic Investment which encompasses both greenfield (new) and brownfield (expansions), for the period was BWP1792 million against the set stretched target of BWP1900 million through a robust and effective aftercare programme which addressed facilitation requirements of local companies hence enabling them to expand.

The total number of jobs registered by the organization during the year under review was 3050 against an annual target of 3150. Most of the jobs were created through domestic investment and business expansions generating 2008 jobs while FDI generated 1042 jobs.

The majority of the jobs were realized from the manufacturing

and construction sectors followed by the services sector. A total of 32 companies were accredited in the reporting period across various sectors including Agribusiness, Healthcare, Financial Services, Light Industry Manufacturing etc.



INTRODUCTION



GOVERNANCE



PERFORMANCE

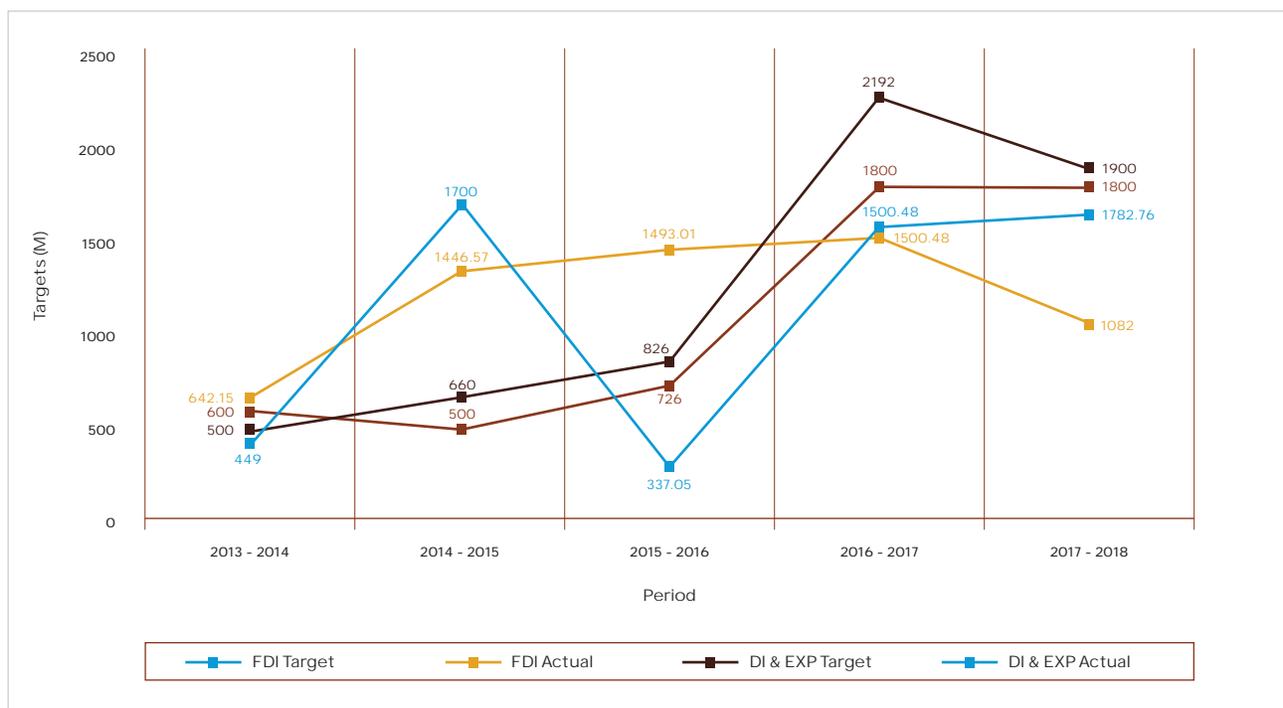


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## FOREIGN & DOMESTIC INVESTMENT PERFORMANCE (CONTINUED)

A Reflection of Performance over a 5 year period

### FDI & DI PERFORMANCE 2013-18



The above graph shows a five(5) year FDI and DI performance analysis. For four(4) years, FDI capital Inflows were above the anticipated targets whereas during the year 2017/18, BITC FDI capital realised was below target by -28% compared to the previous year 2016/17.

Domestic Investment inflows fluctuated within the five(5) years and a drastic performance growth was realised during the year 2014/15 where there was a growth of 278% compared to the previous year, 2013/14.

## FOREIGN & DOMESTIC INVESTMENT PERFORMANCE (CONTINUED)

### MISSIONS

Nineteen(19) inward missions were received during the period under review and fifteen(15) outward missions were undertaken during the 2017-18 financial period to assist in generating credible investment leads and eventually investment conversions for the Botswana Investment and Trade Centre.

**It was anticipated that these missions will assist the country:**

- Attract the necessary Foreign Direct Investment.
- Create sustainable job opportunities for the 19% unemployed Batswana, particularly the youth.
- Diversify the economy of Botswana away from its heavy reliance on mineral revenue.
- Stimulate joint venture partnerships between citizens and foreign investors.
- Substitute Botswana's phenomenal import bill of around P 70 billion pula annually.



The following missions occurred during the period under review:

### BITC INWARD AND OUTWARD MISSIONS - 2017/18

Dates	Country	Total Number of Companies and Areas of Interest
<b>INWARD MISSIONS</b>		
Swedish Business Delegation	Sweden	7 Swiss Companies in power and energy exhibited at Global Expo Botswana.
ABCO	South Africa	The company is focused on the manufacturing of woven bulk bag and has the potential of setting up a plant in Botswana.
Alpha & Logistics	Denmark	The mission included 1 company that focuses on transport and logistics.
Britestar aviation	Hungary	The mission included one company which specializes in the manufacturing and maintenance of small aircrafts.
Greece Mission November 3 <sup>rd</sup> 2017 Zimbabwe	Greece	The mission included 10 companies in various sectors in pharmaceuticals, telecommunications, infrastructure and energy.
<b>OUTWARD MISSIONS</b>		
Ministerial Mission to RSA 19 <sup>th</sup> - 24 <sup>th</sup> November 2017	South Africa	The mission targeted the: Agribusiness, Leather Manufacturing, Light Industry Manufacturing, BPO, sectors.
UNIDO ITPO Delegates Program 04 <sup>th</sup> - 17 <sup>th</sup> November 2017	Italy	BITC met with 34 companies at the ECOMONDO Renewable Energy fair. In addition to that, BITC met with SACE, SIMEST, Albarunes and 3 Bio gas companies. Area of interest included, renewable energy, waste management.

### THOUGHT LEADERSHIP FORUMS

The Automotive Thought Leadership Forum which attracted up to 50 delegates was held on the 23<sup>rd</sup> August 2017 and featured key international experts in the sector who shared with all in attendance what Botswana needed to put in place to create an enabling environment for the sector to flourish.

**It was evident from this interaction that:**

- 60% of auto components destined for the RSA auto industry were still imported from out of RSA.
- The existence of two Auto component manufacturers of wiring harnesses destined for the RSA auto industry in Botswana proved that there was potential to grow this sector locally.
- It was necessary for tailor made incentives to be developed and approved to stimulate investment attraction in this sector.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## FOREIGN & DOMESTIC INVESTMENT PERFORMANCE (CONTINUED)

- The sector was technology driven, outward oriented and had the propensity to be labour intensive which was consistent with the profile of manufacturing entities that BITC was targeting to invest in Botswana.

### STRATEGIC COLLABORATIONS

For the 2017-18 period, BITC entered into an MOU with the Eastern Cape Development Corporation (ECDC) from RSA during Global Expo 2017 which will facilitate investor and trade related referrals between the two jurisdictions as well as sharing of investment and trade related information between both entities and exchange of business missions.

Discussions are at an advanced stage for ECDC to host a mission from Botswana targeting the following sectors: Agribusiness, Light Industry Manufacturing, ICT etc.

Following the change in government in Zimbabwe in late 2017, His Excellency, the President of Zimbabwe Emmerson D. Mnangagwa undertook a State Visit to Botswana in February 13<sup>th</sup> 2018. On the side-lines of the Business Forum held during this Mission, BITC and ZIA agreed to enter into an MOU which would facilitate trade and investment linkages between the two countries.

It was anticipated that the MOU signing will be concluded very early in the 2018-19 reporting period during the Zimbabwe International Trade Fair held on 24<sup>th</sup> - 28<sup>th</sup> April 2018.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS



## UK/EU MARKET

According to Eurostat, EU economies experienced the fastest growth in a decade in 2017 when the GDP of the area currency reached 2.5%.

The same cannot be said for the UK economy which grew by 1.8 % in 2017, down from 1.9% recorded in 2016. This is seen as the weakest growth since 2012, mainly reflecting weaker investment by companies, owing to Brexit and uncertainty about future trade arrangements, among other reasons.

### INVESTMENT PROMOTION & LEAD GENERATION FOR THE UK/EU MARKET

During 2017/18, BITC's effort in the UK/EU market recorded three hundred and twenty-nine (329) contacts mainly generated through business forums and walk-ins. Out of the 329 contacts, 7 leads were established, and

these have a combined estimated investment value of US\$1.6 billion. Ongoing efforts to bring European investors to Botswana were heightened by Brite Star Aviation, which signed MOUs with several key institutions to establish a composite plant in the SPEDU region. Similarly, the office facilitated a visit for Agrisales to Poland to meet Farmer Traktor who were interested in bringing their technology and tractor assembly plant to Botswana.

The visit was positive in that BITC was able to establish the authenticity of the plant and facilitated further discussions between Farmer Traktor and Agrisales for potential partnership.

#### Investment Seminars/Missions

##### HE's State Visit To Sweden, 19<sup>th</sup> - 21<sup>st</sup> June 2017

The Ministry of Investment Trade and Industry, supported by Botswana Investment and Trade Centre, went on a business mission to Sweden, on the backdrop of His Excellency the President's State visit to Sweden (19<sup>th</sup> - 21<sup>st</sup> June 2017), to lure Swedish investors to Botswana.

As a result of the mission, Sweden brought one of the largest delegations to Global Expo 2017, and BITC also re-established opportunities for trade related capacity building areas with the National Board of Trade of Sweden.

##### Czech Republic 14<sup>th</sup> - 15<sup>th</sup> December 2017

In the third quarter, BITC organized a mission to The Czech Republic from the 14<sup>th</sup> - 15<sup>th</sup> December as part of its initiative to reach out to global FDI citizens and lure them to



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## UK/EU MARKET (CONTINUED)

consider Botswana for their African expansion strategies. BITC visited six companies in the manufacturing sector (Zetor - tractor; Skoda Auto - Automotive; Aircraft Industries - manufacturing of airplanes; Linet - hospital bedding; Cech Incorporated - Electronic Scooter; and Hutira - water treatment technology).

The meeting opened new avenues as the Czech Chamber of Commerce has expressed interest to openly engage with the Botswana private sector for joint venture opportunities. More opportunities are expected to come from Poland once the two countries sign the Double Taxation Avoidance treaty.

### His Honour The Vice President of The Republic Of Botswana's 'Invest In Botswana' Breakfast Session, 18<sup>th</sup> December 2017

The Vice President of the Republic of Botswana, Honorable Mokgweetsi E. K. Masisi traveled to London during the week of the 17<sup>th</sup> to the 22<sup>nd</sup> of December 2017, on an official visit. As part of The VP's itinerary, BITC organised a two-hour 'Invest in Botswana' breakfast session targeting the Financial and Business Services companies, Manufacturing, ICT and Professional Advisory firms in the UK to create broader awareness on Botswana as a viable investment location in Africa.

The session accorded His Honour the opportunity to openly engage and invite UK businesses to invest in Botswana, given the country's sustained record of good monetary and fiscal policies and international ratings. The VP further highlighted some of the reforms undertaken to improve the business climate in Botswana.

From this session, BITC is actively discussing with three companies to set up operations in 2018/19 to 2019/20 financial years. These companies represent commercial agriculture/agro processing, financial and business services and mining beneficiation amongst others.

### CONTRIBUTING TO INTERNATIONAL DEBATES - WORLD ECONOMIC FORUM, SWITZERLAND JULY 10<sup>th</sup>, 2017

In July 2017, the UK office joined key international organizations such as UNCTAD, Global Alliance for Trade Facilitation, and WAIPA amongst others, and contributed to international dialogue at the World Economic Forum in Geneva, Switzerland to define ways in which IPAs can contribute to the topic of sustainable development through investment promotion.

The discussion focused on various matters, particularly concerning the way forward and the associated need to:

- i) Come up with a potential shared definition or understanding of the idea of sustainability, considering differing ideas of what is sustainable and the risk of creating different thresholds for different countries;
- ii) Balance domestic and foreign investor obligations;
- iii) Monitor and measure investment facilitation and capacity building efforts, since there will be a considerable aid component involved;
- iv) Work in collaboration with cities, where an inclusive dialogue is taking place today - cities are making significant efforts and working hard with the private sector to become more inclusive (e.g. by seeing refugees as drivers of economic growth);
- v) Consider local community needs, and ensure they are reflected in what the host state is pursuing; and
- vi) Understand that in the context of investment for development, there are many interests, sectors and players, and these have to be squared into a structured undertaking.





## ASIA/MIDDLE EAST & THE GULF COUNTRIES

The economy of Asia comprises more than 4.5 billion people (60% of the world's population) living in 49 different States

Asia is the fastest growing economic region as well as the largest continental economy by both GDP Nominal and Purchasing Power Parity (PPP) in the world. Moreover, Asia is the site of some of the world's longest modern economic booms. The top three economies in Asia are currently China, Japan and India.

BITC's Office in India is strategically located in the economy of India, which is a developing mixed economy and the world's seventh-largest economy by nominal GDP, and is further the third-largest by PPP. Between 2015 and 2018 India's economy became the world's fastest growing major economy, surpassing China. The long-term growth prospective of the Indian economy is said to be positive due to its young population, corresponding low dependency ratio, healthy savings, investment rates, and increasing integration

into the global economy. Despite all the previous reforms, India's economic growth is still significantly slowed by bureaucracy, poor infrastructure, and inflexible labor laws (especially the inability to lay off workers in a business slowdown).

India has one of the fastest growing service sectors in the world with an annual growth rate above 9% since 2001, which contributed to 57% of GDP in 2012-13, an area which Botswana would like to tap on. India has become a major exporter of IT services, Business Process Outsourcing (BPO) services, and software services with a revenue of \$154 billion in 2017. India is the third largest start-up hub in the world recording over 3,100 technology start-ups in 2014-15.

Not only can Botswana tap into India's services sectors, she can also learn from the agricultural sector which is the largest employer in India's economy and ranks second worldwide in farm output. The manufacturing sector has held a steady share in the country's economic contribution while the Indian automobile industry is one of the largest in the world with an annual production of 21.48 million vehicles (mostly two and three - wheelers) in 2013-14.

### INVESTMENT PROMOTION & LEAD GENERATION

BITC India Office recorded five hundred and eighty nine (589) contacts during 2017/18 which were mostly generated through business forums, fairs and exhibitions while a few of them were walk-ins. Of the 589 contacts, eight (8) leads were

INTRODUCTION

GOVERNANCE

PERFORMANCE

AFS

## ASIA/MIDDLE EAST & THE GULF COUNTRIES (CONTINUED)

established. It is important to note that a number of these contacts would like to establish partnerships with Botswana companies as they feel more secure with Joint ventures in a foreign country.

### Investment Seminars/Missions

Efforts to attract investors from Asia, Middle East, China and Japan to Botswana are ongoing. Such efforts were heightened by the hosting of the business forum in the United Arab Emirates.

### Botswana Week In The United Arab Emirates (UAE), 12<sup>th</sup> - 15<sup>th</sup> March 2018

Honorable Minister Vincent T. Seretse, led a delegation to the "Botswana Week in the UAE" investment promotion mission from the 12<sup>th</sup> to 15<sup>th</sup> March 2018. This was organised by BITC together with the Embassy of the Republic of Botswana to Kuwait. The purpose of the mission was to attract UAE investors to Botswana, as well as market Botswana products in the UAE market. The Honourable Minister led a delegation of 18 organisations representing 11 sectors from Botswana.

A lot of interest was generated during the Botswana week in the UAE, with some MOU's signed between companies, and some deals made. It was however, established during the Botswana week in the UAE that there are several areas in which the UAE excels which Botswana could learn from, including but not limited to; Immigration Policies, Incentive Packages, One stop Service Centres, Special Economic Zones etc.

There are also areas where Botswana can engage the UAE to develop some of the projects that are already in the National Development Plan in sectors such as Agriculture - Dairy Farming, Transport - Dry Port, Infrastructure Development as well as export of Botswana beef to the UAE.

It was clear during the Botswana week that the UAE market does not know Botswana; this presents an opportunity for Botswana to follow up with a generic awareness campaign. A follow-up visit was made during the Annual Investment Meeting which was held from 9<sup>th</sup> to 12<sup>th</sup> April 2018.

An awareness campaign by Brand Botswana was made by the team during AIM, which also included marketing of the Global Expo Botswana and meetings with potential investors. This initiative alone is not enough to make the country known in the region, and hopefully Dubai 2020 will help in branding the country as well.



## CONTRIBUTING TO OTHER COUNTRIES IN THE REGION

With BITC having limited financial and human resources, the office continues to work with Botswana Embassies and High Commissions in the region to host investment promotion seminars.

These Seminars were held in Sri Lanka and Bangladesh together with the Botswana High Commission to India, where BITC Executive Director, International Business, Ms Gemma Mbegabolawe, was also introduced to the Honorary Consuls of the respective countries.

BITC also participated in exhibitions in Beijing, China and Tokyo, Japan.



## FACILITATING INVESTMENT

The BITC Business Facilitation Business Function continues to play an increasingly significant role in BITC's efforts to deliver on its mandate.

It goes without saying that Investment Promotion Agencies (IPA) location marketing and lead generation needs to be supported by effective and efficient investor facilitation in order to convert investment inquiries into actual projects in a country.

The investment process value chain is very intricate with investors expecting undivided attention and support throughout the value chain.

It is in this regard that the business facilitation unit strategically provides assistance and advice throughout the investment process notably from the initial point of inquiry through to project approval, implementation and monitoring, as well as the aftercare process.

With this in mind, during the year under review the Business Facilitation Business unit endeavored to deliver improved investor services to its customers through the Botswana One Stop Service Centre (BOSSC) which was officially launched by the Minister of Investment Trade and Industry Honorable Vincent T. Seretse in October 2017.

In addition to the services provided within BOSSC, the Business Facilitation function also continued to implement work streams in the areas of property services and land facilitation, investor aftercare, stakeholder engagement and policy/regulatory reform advocacy.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## FACILITATING INVESTMENT (CONTINUED)

### BOTSWANA ONE STOP SERVICE CENTRE (BOSSC)

#### Facilitation of Government Authorisations

The Business Facilitation Department operates a “One Window OSS” model - where it serves as a central collection and submission point for various government authorisations required by investors. In view of its importance and facilitatory role, the Botswana One Stop Service Centre (BOSSC) registered a slight decrease in utilisation of its services by domestic and international investors of BITC as compared to the previous year. The 2017/18 statistics indicate that the Centre processed 370 government authorisations compared to the 381 in the previous financial year thus demonstrating a 3% decrease in the number of applications.

That notwithstanding, the approval rate for the year under review stood at 81% compared to 71% approval rate registered in the previous financial year. The increase in approval rate could be attributable to the

introduction of BOSSC. During the financial year under review, the rejection rate stood at 4.3% while the rest of the applications were still under processing. BOSSC is an investment facilitation service within BITC which houses relevant government agencies to provide prompt, efficient and transparent services to investors. In this regard, BOSSC has made available shortened and simple administrative procedures and guidelines for issuance of business approvals, permits and licences, thereby removing bottlenecks faced by investors in establishing and running businesses in Botswana.

During this reporting period, BITC welcomed five officers seconded from the various government Ministries to support the operations of BOSSC.

#### Government Authorisations in 2017/18

Type of Authorisation	Turnaround Time	Decision				Total
		Granted	Rejected	(Pending-Within Turnaround time)	(Pending-Outside Turnaround time)	
Entry VISAs	7 days	96	2	0	3	101
Work and Residence Permits	30 days	22	7	14	0	43
Work and Residence Exemptions	14 days	109	3	15	0	127
Emergency Work Permits	7 days	54	1	5	11	71
Permanent Residence	3 months	1	2	1	0	4
Appeals to the Minister	30 days	9	0	1	0	10
Section 23/11 Appeal to Minister	30 days	1	1	0	0	2
Industrial Licence	5 days	2	0	2	0	4
Company Registration	1 day	0	0	0	0	0
Environmental Impact Assessment	9 months	0	0	0	0	0
Variation	30 days	0	0	2	0	2
Development Approval Order	30 days	0	0	0	0	0
Citizenship	12 months	1	0	0	0	1
Cancellation	30 days	3	0	0	0	3
Replacement	OVER THE COUNTER(BOSSC)	1	0	0	0	1
Extension of days beyond 90	OVER THE COUNTER(BOSSC)	2	0	0	0	2
<b>TOTAL</b>		<b>300</b>	<b>16</b>	<b>40</b>	<b>14</b>	<b>370</b>

Source: BITC

## FACILITATING INVESTMENT (CONTINUED)

It is evident from the authorisation statistics that the labour and immigration authorisations continue to dominate demand for the services rendered by the Centre. The same category also has the highest level of rejections thus indicating a need to further reform the ease with which companies can import skilled key personnel.

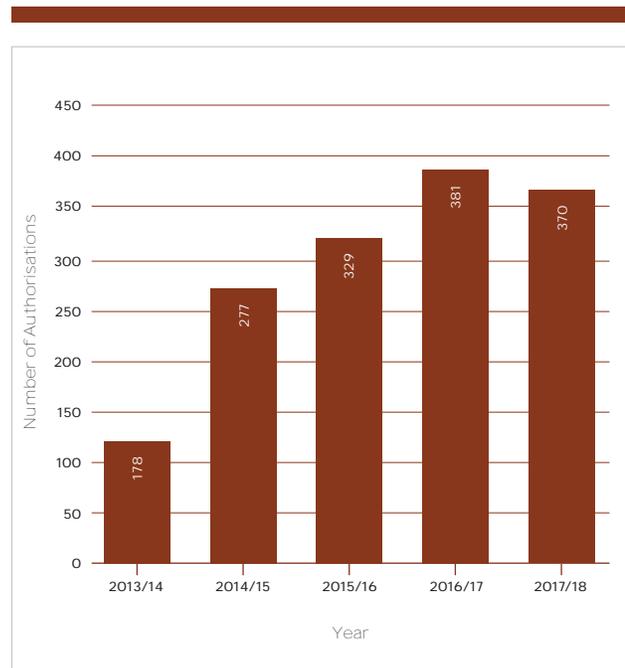
It is however anticipated that the enactment and implementation of the proposed Business Facilitation Law will significantly improve the efficiency, effectiveness and predictability of issuing government authorisations to qualifying investors. In this regard, BITC is working closely with relevant stakeholders to fast-track the drafting and enactment of the law.

A significant achievement that will go a long way in facilitating easy acquisition of work and resident permits is the introduction of four sector specific regional immigrants selection boards as well as the designation of Board A as the Board responsible for servicing investors that are facilitated through BITC.

Over the years, BITC has experienced a steady rise in the request for its facilitation services as demonstrated in the Figure (right). During the financial year 2013/14, BITC processed 178 investors applications for various government authorisations as compared to 370 applications processed in 2017/18. With the advent of BOSSC, we anticipate an increase in the number of authorisations facilitated through BITC.

In order to drive the increase in the number of authorisations, BITC will roll out a Communications and Marketing Campaign as well as Client On boarding Initiative in order to encourage the business community and investors in general to make use of the services rendered through BOSSC.

Government Authorisations facilitated through BITC



Source: BITC

INTRODUCTION

GOVERNANCE

PERFORMANCE

AFS

## FACILITATING INVESTMENT (CONTINUED)

### INVESTOR AFTERCARE

Over the last five years, BITC has embarked on an aggressive investor aftercare campaign codenamed “RED”. The BITC Aftercare Strategy is aimed at encouraging investors to retain their investment in Botswana, expand their businesses and diversify into other “blue sky” opportunities available within the country. The programme entails providing post - investment services designed to encourage existing investors to generate new investment and to expand their investment projects. The other objectives of the investor aftercare interventions are to generate new investment leads and to make existing investors “ambassadors” of Botswana as a preferred investment location.

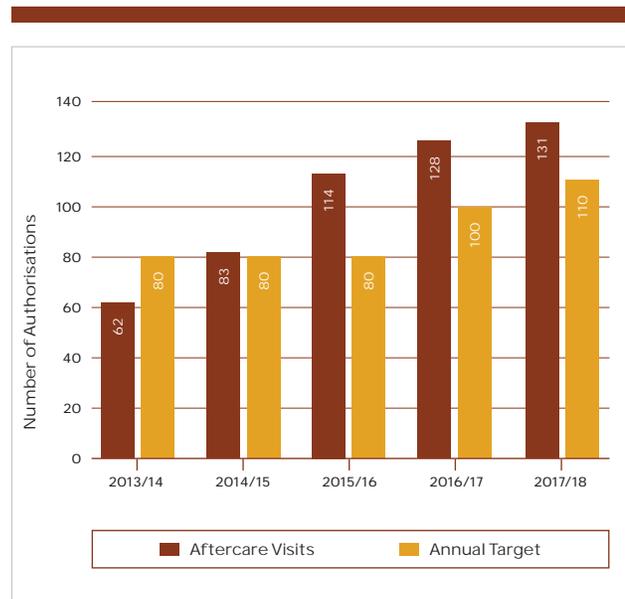
As shown in the Figure (right), BITC has experienced a steady rise in the number of aftercare visits to companies domiciled in Botswana. In this regard, BITC has doubled the number of companies visited through the programme from 62 in 2013/14 to 131 companies in 2017/18. The feedback obtained from these engagements with existing investors revealed that while most companies are keen to expand or continue their operations in Botswana, they are gravely concerned about the investment risks associated with the highly unpredictable and inefficient immigration system in Botswana.

**Other areas of concern which have been reported repeatedly over the past several years include:**

- Shortage of relevant industry specific skilled labour and a poor work ethic;
- Delays in obtaining environmental clearances (EIA) for projects, which results in delayed project implementation;
- Lack of dedicated incentives for export oriented industries to compensate for the small domestic market;
- Lack of support for local products. Local clientele are not ready to support local products as they prefer well known international brands. In this regard, local supermarkets are also reluctant to carry local products/brands in their shelves;
- Inadequate supply of competitively priced serviced industrial land and industrial warehouses.

In this regard, BITC continues to engage in robust advocacy agenda aimed at improving the ease of doing business and resolving challenges faced by investors.

Annual Investor Aftercare Visits



Source: BITC

### INVESTMENT EXPANSIONS

Notwithstanding the sentiments expressed by investors during investor aftercare visits, BITC continues to encourage existing companies to expand in order to create more jobs and encourage additional investment in line with national objectives espoused in the national vision, VISION 2036.

The companies visited reported total investment expansions that yielded BWP519.76 million in additional capital investment and 574 new jobs in the economy of Botswana. Among the notable investment expansions were Sun Plastics (Pty) Ltd who are into plastic manufacturing, Arona Natural Foods, a company that produces sunflower cooking oil, Clover Botswana (Pty) Ltd, a dairy processing company as well as KGK Diamonds and MSuresh who are both into diamond cutting and polishing.

## FACILITATING INVESTMENT (CONTINUED)

### STAKEHOLDER ENGAGEMENT AND REFORMS ADVOCACY

The coordination and integration of the activities of BITC and the various stakeholders involved in the investment attraction and facilitation process received special emphasis during the year under review. A total of thirty one (31) engagement initiatives were carried out during the reporting period. The main objective and emphasis of these engagements was based on a desire to maintain effective partnerships, and to meaningfully advocate for investors as well as address investor queries/challenges, that otherwise act as obstacles to their operations.

The key stakeholders who were engaged during the year include land boards across the country, Regional Immigrants Selection Boards (RISBs) across the country, Engineers Registration Board, (ERB), District Councils, Botswana Power Corporation, Water Utilities Corporation, various ministries and departments as well as chambers of commerce such as Business Botswana.

Additionally, the engagements were also focused on disseminating information about BITC's mandate, promoting investment facilitation collaboration between stakeholders and advocating for regulatory reforms that would improve the business environment in Botswana. BITC will continue to closely refine its stakeholder engagement plan in order to engage all those in the investment facilitation value chain.

### PROPERTY AND LAND FACILITATION

The provision of readily available factory space and serviced land on a rented or outright sale basis is widely practised by Investment Promotion Agencies (IPAs) across the world as part of locations offering to attract investment projects. BITC continually strives to provide qualifying investors with suitable factory warehouses and land for investment projects in various parts of the country.

During the year under review, as well as during the past few years, the provision of suitable factory space to investment projects in the pipeline has been constrained by unavailability of factory space in BITC's property portfolio and in the broader private market. The lack of suitable industrial warehouse, especially for medium to large projects, necessarily requires BITC to explore ways of expanding its industrial warehouse portfolio, which will enable potential investors to have ready access warehouses on competitive rental, purchase and rental with the option to buy terms.

That notwithstanding, during the financial year, BITC rented out factory shells to two companies notably WDM Botswana (Pty) Ltd which started a diamond cutting and polishing facility in Block 8, Gaborone as well as Motherwell (Pty) who were allocated a 1000 square metre facility to package tea in Block 3, Gaborone.

During the year under review, the department continued to support allocation of land to deserving investors interested in setting up their facilities in Botswana. In this regard, BITC offered industrial land to thirteen (13) companies, most of the land offered is within the BITC Land Bank in Pilane Industrial, in the Kgatleng District. These allocations will enable actualization of investment and job creation.

Additionally, the Property Services function undertook a land audit and inspection for investors who had been allocated and facilitated land through BITC.

#### The objectives of the exercise was among others to;

- Ensure land utilisation and actualisation of investment;
- Enforce development covenant and avoid land speculation;
- Provide advice and support on all matters relating to land use.

The audit findings were that out of the 58 land allocations to investors in different areas, 23 companies had started operations while 35 were at various stages of development. The main reasons for delays in development and actualisation of investment by those allocated land include among others the following;

- Unserviced land
- EIA compliance
- Conflicting planning and regulatory requirements by other stakeholders

#### Investment Pipeline

BITC continues to grow its investment pipeline. In this regard, at year end there were 26 companies in the BITC investment pipeline with investments worth BWP 386 million and a potential to create 1586 jobs. The pipeline includes 19 companies awaiting land allocation and 7 awaiting factory shell allocation.

BITC will continue to partner with private property developers as well as real estate practitioners to provide factory space for investors.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS



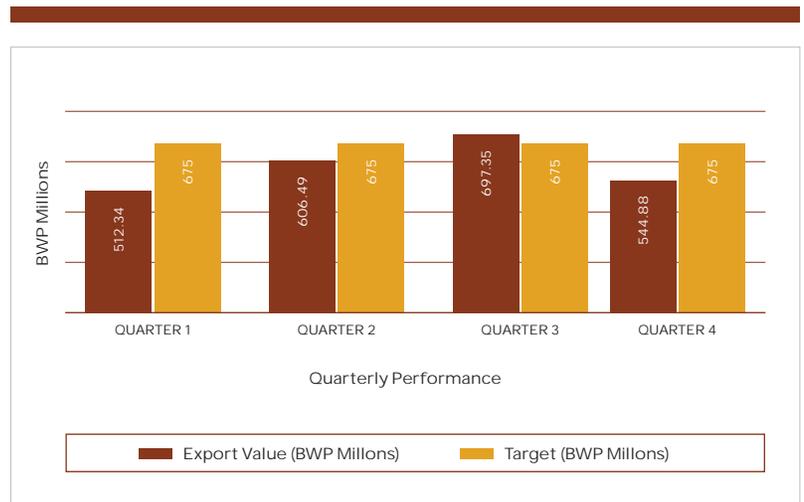


## EXPORT DEVELOPMENT & PROMOTION

A total of BWP2.3 billion in export revenue was recorded against a set target of BWP2.7 billion during 2017/18. This indicated a 3.38% decline on expected export revenue for the year.

Below is a breakdown of performance across the four quarters:

Export Revenue 2017/18



### EXPORT REVENUE

During the year 2017/18, BITC realized a decline in expected export revenue. For BITC - assisted companies.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## EXPORT DEVELOPMENT & PROMOTION (CONTINUED)

To achieve these export figures, BITC had during the year under review as well as in previous years embarked on a number of trade promotion activities both regionally and internationally with the overall objective of securing market access for locally produced goods and services.

The table below presents a comparison of export revenue performance over the last five financial years. The year 2013/14 recorded an impressive 64% highpoint but took a 3.9% plunge in the following year. However, a slight improvement was realised in both 2015/16 and 2016/17 financial years but recording less than 3% increase.

Export Revenue Performance Past 5 Years



## EXPORT DEVELOPMENT & PROMOTION (CONTINUED)

Activities undertaken include B-2-B meetings organized between local manufacturers and potential buyers of their products, distributors, agents, retail chain stores as well as exhibiting at both regional and international trade fairs.

Trade Mission Undertaken	Products Promoted	Number of Companies	Dates
Zimbabwe International Trade Fair	Vinyl floor tiles, food fragrances, concrete roof tiles, washing detergents, textiles	10	April 25 - 30, 2017
Mauritius SME International Technology & Innovation Show	Cellular phones	1	May 12 - 14, 2017
Retail & Hospitality Week, RSA	Automotive batteries, canned tripe, leather products, fresh meat, bio-degradable sanitary cleaning chemicals and detergents, insurance services, furniture, bed, bath & table linens	10	June 25 - 27, 2017
FACIM Maputo Trade Show	Aluminium windows and door frames, corned beef, fresh meat, clay bricks, cattle breeding (embryo and semen production), cellular phone, sunflower cooking oil, arts & crafts	8	August 28 - September 3, 2017
DRC Contact Promotion Mission	Soda ash, beef, corned beef, PVC pipes, bathroom accessories, lubricants, office furniture, school furniture projects, plastic furniture and plastic beverage crates	7	November 20 - 23, 2017
Zambia Contact Promotion Mission	Corned beef, vinyl floor tiles, canned tripe, tobacco food & cleaning chemical fragrances, PVC pipes, linen savers, cellular phones	8	March 5, 2018
Namibia Contact Promotion Mission	Linen savers, corned beef and meat, tobacco food & cleaning chemical fragrances, biodegradable packaging material, electrical and data cables, motorised swamp cruiser boats, disposable linen savers, hand hygiene cleaning solutions, canvas products, education services	9	March 12 - 14, 2018

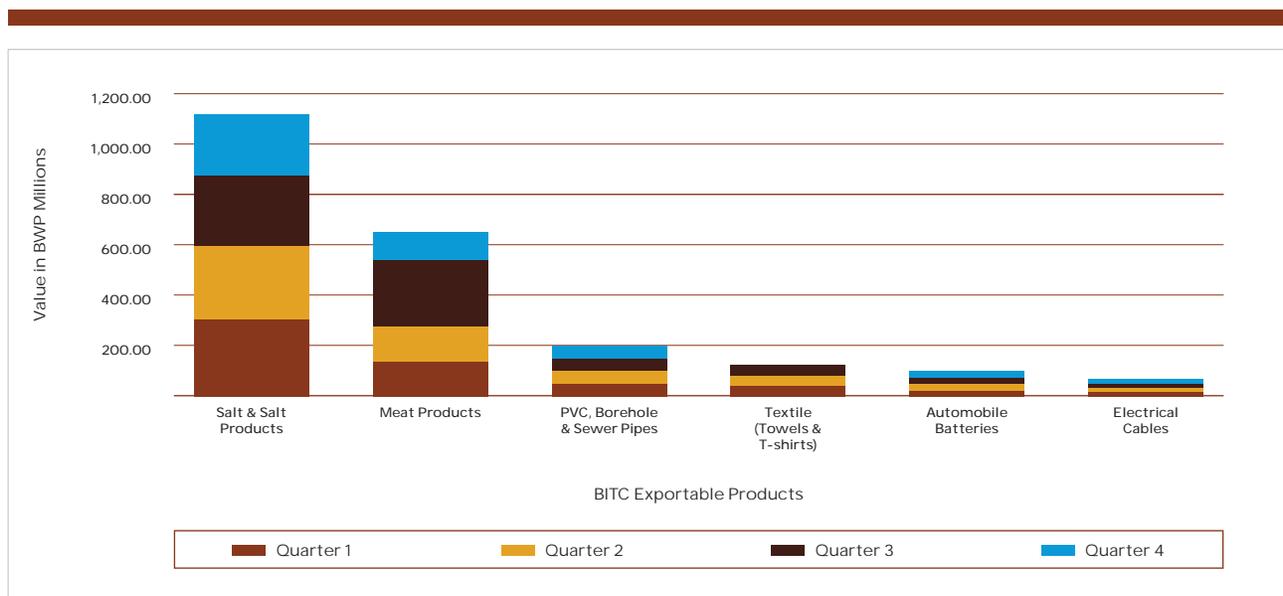


## EXPORT DEVELOPMENT & PROMOTION (CONTINUED)

### PRODUCT PERFORMANCE

For the year under review, products sold to both regional and international markets from BITC-assisted companies included dense soda ash, coarse salt and chemical salt exported to South Africa, Zambia, Zimbabwe, Malawi, and the DRC. Local beef was also exported to South Africa, Zambia, Zimbabwe, Mozambique, Angola and the European Union.

Top 6 Performing Products in 2017/18



## EXPORT DEVELOPMENT & PROMOTION (CONTINUED)

There was also sales of PVC pipes and tanks to South Africa, Zambia and Zimbabwe while cotton towels were exported to South Africa, Namibia and Zimbabwe markets. Other notable exports during the year were automobile batteries exported to Zambia, Zimbabwe, South Africa, Namibia and Malawi; tobacco fragrance extracts to Hong Kong, electrical cables to Namibia as well as contemporary furniture to the USA, EU and Senegal.

### Export of BITC - Assisted Products During Financial Year 2017/18

Products	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Product Total
Salts And Salt Products	290,196,534.49	301,461,056.67	271,113,344.45	269,888,122.29	1,132,659,057.90
Meat Products, Offals	121,365,202.07	124,395,628.53	265,679,401.19	131,048,387.91	642,488,619.70
PVC, HDPE Borehole & Sewer Pipes	53,267,326.37	59,222,698.06	44,984,587.61	45,553,209.77	203,027,821.81
Textiles (Towels & T-Shirts)	-	62,231,421.78	44,583,064.02	34,620,564.32	141,435,050.12
Automobile Batteries	15,130,637.04	16,248,910.10	16,162,393.56	9,134,000.00	56,675,940.70
Electrical Cables	8,583,173.05	12,640,202.65	12,716,472.00	10,851,432.00	44,791,279.70
Clay Bricks	4,167,750.46	3,697,570.75	7,625,282.86	17,426,243.80	32,916,847.87
Tobacco Flavor & Fragrance	8,867,911.72	6,971,202.21	6,541,968.91	6,541,968.91	28,923,051.75
Re-Rolled Steel	3,117,189.91	11,635,268.00	-	12,328,904.94	27,081,362.85
Scholastic Stationery	-	-	12,626,306.70	-	12,626,306.70
Laundry Bar Soap	-	-	10,816,055.83	1,268,402.00	12,084,457.83
Vinyl Floor Tiles	2,860,000.00	1,750,000.00	3,515,823.00	-	8,125,823.00
Iron Castings	1,265,002.99	3,342,716.00	-	1,497,684.00	6,105,402.99
Steel Forgings	1,030,467.36	1,931,830.00	-	1,517,760.80	4,480,058.16
Swamp Cruiser Boats	748,047.00	360,533.00	989,087.00	2,015,227.00	4,112,894.00
Lounge Suites Mattresses & Base Sets	775,371.00	514,282.00	-	-	1,289,653.00
Semi-Precious Stones	534,600.00	-	-	657,500.00	1,192,100.00
Contemporary Furniture	-	4,395.00	-	532,611.36	537,006.36
Tents, Canvas Ponchos, Bags & Shoulder Straps	332,865.21	5,200.00	-	-	338,065.21
Perfumes, Deodorants, Skin And Hair Care Products	103,201.76	77,550.31	-	-	180,752.07
Bottled Water	-	-	2,873.00	-	2,873.00
<b>Totals</b>	<b>512,345,280.43</b>	<b>606,490,465.06</b>	<b>697,356,660.13</b>	<b>544,882,019.10</b>	<b>2,361,074,424.72</b>



## EXPORT DEVELOPMENT & PROMOTION (CONTINUED)

### MARKET REVIEW

During the reporting period the highest performing export markets were South Africa (73%), UK (7%), Zambia and Zimbabwe (4%), Namibia and EU (2%). Other markets for BITC - assisted companies were Angola, Tanzania, Mozambique, DRC, Mauritius, Malawi, Senegal, USA and Hong Kong, as seen on the table below:

Market	Value of Exports	% Share	Products
Zambia	107,217,836.05	4.60	Salt & salt products, meat products, PVC boreholes & tanks, clay bricks, automobile batteries, swamp cruiser boats..
Zimbabwe	102,383,133.66	4.39	Laundry bar soaps, textiles (towels & T-Shirts), salts & salt products, meat products, PVC borehole, automobile batteries, swamp cruiser boats.
Angola	11,543,782.48	0.50	Meat products.
DRC	14,600,769.74	0.63	Salts & salt products, meat products.
Malawi	30,776,501.94	1.32	Salts & salt products, automobile batteries.
Mozambique	1,634,762.23	0.07	Meat & meat products.
South Africa	1,701,503,428.26	73.03	Textiles (towels & T-shirts), re-rolled steel, steel forgings, iron castings, semi-precious stones, salts & salt products, meat products, PVC boreholes & tanks, clay bricks, automobile batteries, swamp cruiser boats.
Namibia	60,201,420.52	2.58	Laundry bar soap, electrical cables, textiles (towels & T-shirts), salts & salt products, clay bricks, automobile batteries, swamp cruiser boats.
Tanzania	2,464.39	0.00	Contemporary furniture.
USA	190,687.89	0.01	Arts & crafts, contemporary furniture.
Mauritius	214,453.95	0.01	Laundry bar soap.
Senegal	307,317.97	0.01	Contemporary furniture.
Hong Kong	28,923,051.75	1.24	Tobacco extracts
UK	167,224,484.52	7.18	Beef & beef products, contemporary furniture.
Norway	42,846,492.33	1.84	Beef & beef products.
EU	60,347,052.68	2.59	Beef & beef products, contemporary furniture.
<b>Totals</b>	<b>2,329,917,640.36</b>		

## EXPORT DEVELOPMENT & PROMOTION (CONTINUED)

### EXPORT CAPACITY BUILDING

In the year under review, BITC activities also continued to focus on driving export development through various capacity building interventions that sought to enhance companies' export competitiveness to enable them to compete regionally and internationally.

Capacity building interventions through the Botswana Exporter Development Programme (BEDP) resulted in ten(10) companies being assisted with developing their export marketing plans, while another eight(8) were taken through quality management and productivity improvement training.

Four(4) more companies namely; Gabs Bedding, Nata Timber, Ditec and Weblogic received training from Senior Experten Service (SES) of Germany to improve marketing capabilities, optimal efficiency operations and productivity.

Ten(10) textile and clothing companies have also been identified for enrollment in the Supplier Development Programme (SDP). This programme is implemented by BITC in collaboration with Botswana Textile and Clothing Association (BTCA) as well as with technical assistance from United Nations Development Programme (UNDP). The objective of this programme is to capacitate companies to supply both local and international retail chain stores.

Twenty(20) companies will also be assisted in developing their export marketing to enhance their export competitiveness; this is planned to be implemented in the next financial year.

### CREATING AN EXPORT CULTURE

As a step to creating a robust national export culture and to ensuring nationwide awareness of the BEDP, BITC collaborated with Local Enterprise Authority (LEA) to conduct export awareness workshops in Gaborone and Maun. Thirty-nine(39) companies participated in the workshops. The purpose of the workshops was to sensitize both potential and existing exporters about the important and practical aspects of the export trade.

Engagement with The University of Botswana (UB) to offer exporter training courses in Introduction to Exporting and Planning for Export has started, and the course outline has been adopted by the University. The institution has availed teaching staff from relevant disciplines to roll-out the BEDP as a short course.

Other intended cooperation covers training in the fields of international business, export development, as well as the potential for joint research and collaboration in the development of position/policy papers in such areas as export development, branding, international trade, export manufacturing and general advocacy.

### AGOA IMPLEMENTATION STRATEGY

BITC also leads campaigns to create adequate awareness of the African Growth and Opportunity Act (AGOA) National Response Strategy. Workshops were held in Lobatse, Tsabong, Ghanzi, Francistown, Shakawe, Kasane, Maun, Selibe Phikwe, Palapye and Gaborone. The workshops reached out to more than two hundred and fifty (250) participants.

BITC was supported in the process by MITI, The US Embassy, USAID, The Investment and Trade Hub and the African Women's Entrepreneurship Program (AWEP).

BITC continued to play an increasingly significant role in market development efforts for companies in Botswana. Efforts to deliver on these interventions were recorded as follows;

- A specific intervention market survey was completed for Botswana Ash to assist with market penetration in The Democratic Republic of Congo (DRC).
- A programme on market development for processed meat products for Senn Foods is already underway to penetrate the local and regional market.
- BVI is supported with quality management systems in the areas of Good Manufacturing Practice (GMP) and ISO 17025 accreditation.



INTRODUCTION



GOVERNANCE



PERFORMANCE



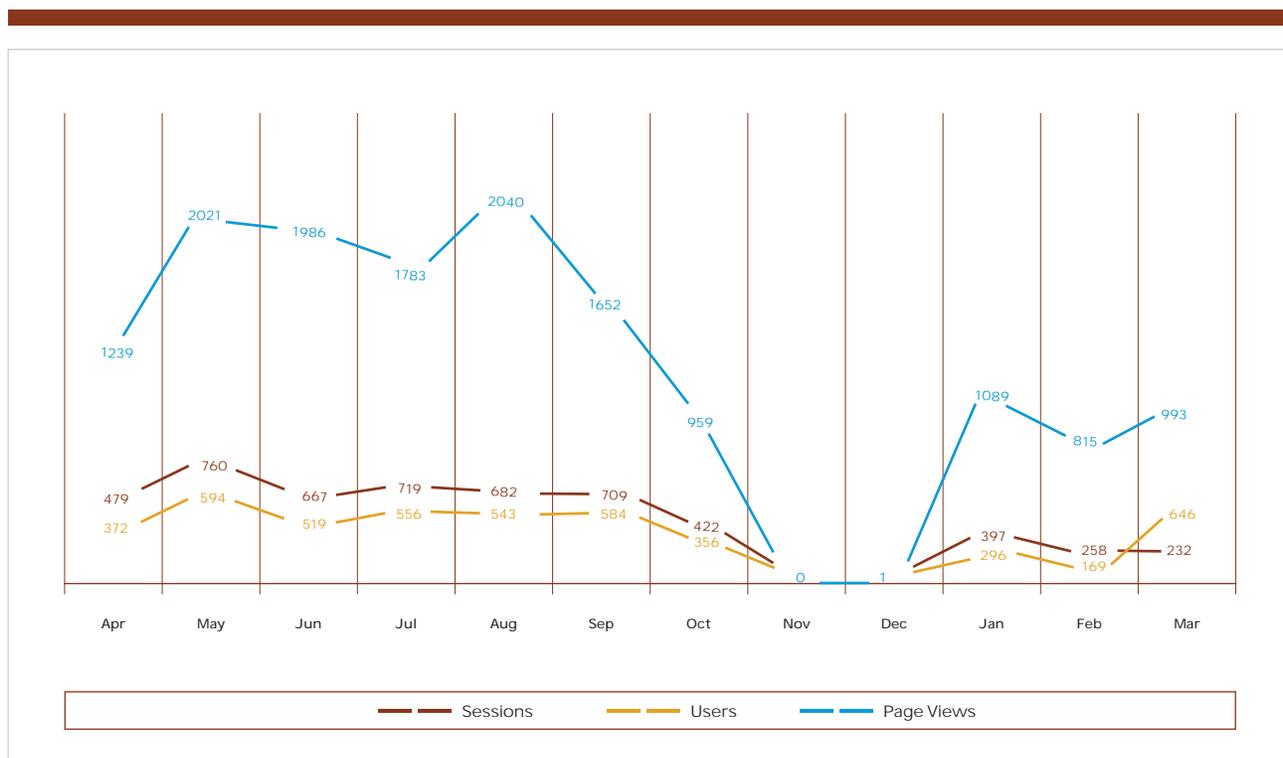
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## EXPORT DEVELOPMENT & PROMOTION (CONTINUED)

### BOTSWANA TRADE PORTAL

For the year 2017/18, the Botswana Trade Portal continued to witness some growth in terms of user acceptance and utilisation both locally and globally. For the year under review, daily traffic in the system stood at 5,326 user sessions giving a total of 14,568 page views, and individual users at 3,954 all from 113 countries.

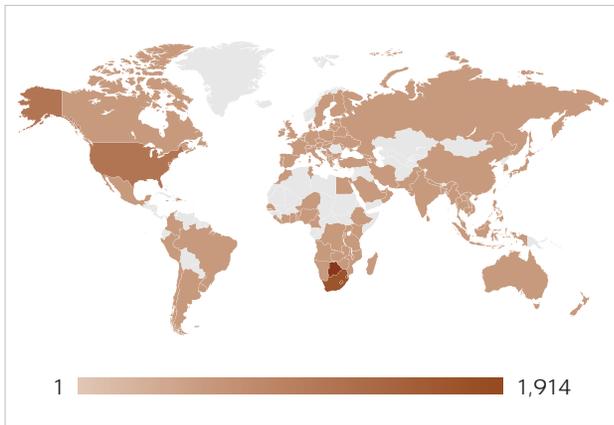
#### Trade Portal Utilisation



In terms of country utilisation globally, Botswana continues to be the number one country user of the Trade Portal. She came tops with 1,914 users, followed by South Africa at 542, then U.S.A(232), India(140), UK(109), Germany(80), Zimbabwe(60), South Korea(57), Namibia(45) and lastly Zambia(43).

## EXPORT DEVELOPMENT & PROMOTION (CONTINUED)

### GLOBAL USAGE MAP OF BOTSWANA TRADE PORTAL



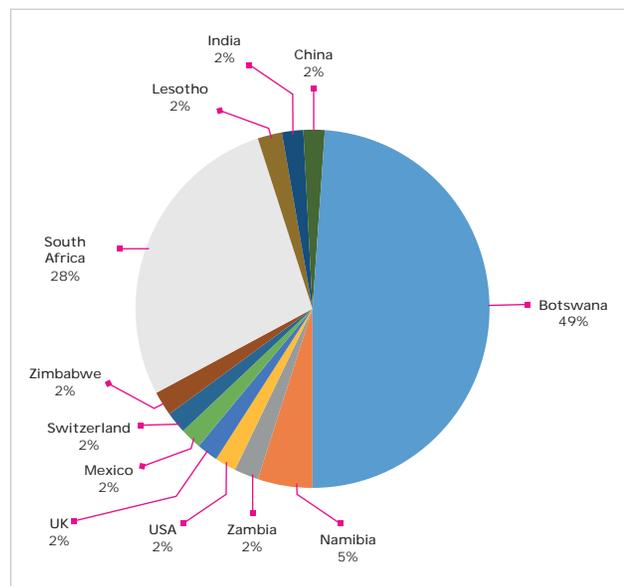
NB: the darker the shade, the higher the concentration of the users of the Portal

### Inquiries received through the Botswana Trade Portal

For the period under review, a total of 47 inquiries were received through the Trade Portal from different traders across 13 countries in the world. Some inquiries were general questions on import/export business between Botswana and other countries while others were just business people looking for leads and/or business.

The countries from which these trade related inquiries came from are Botswana(23), South Africa(13), Namibia (2), and then Zambia, USA, UK, Mexico, India, China, Lesotho and Switzerland all with 1 from each.

### Number Of Inquiries



## EXPORT DEVELOPMENT & PROMOTION (CONTINUED)

Below are some of the Inquiries received through Botswana Trade Portal ([www.botswanatradeportal.org.bw](http://www.botswanatradeportal.org.bw))

Country	Inquiry	Response	Response time
<b>ASIA &amp; MIDDLE EAST</b>			
India	Requirement to import medical devices (In-Vitro Diagnostic devices) into Botswana	Ministry of Health engaged and client given a procedure and the government body currently responsible for regulating imports on different health products	Within 3 days, with further engagement thereafter
<b>EUROPE</b>			
UK	Importers and exporters of biocides (pest control products) looking for markets.	An opportunity shared with the Trade Portal business community.	Within 3 days.
Switzerland	ITC wanted to collaborate with the Trade Portal Team while updating their market analysis tool market Access map and they requested information on: Full and currently applied customs tariff and a document that covers the complete range of HS codes.	Client was reassured of the accuracy of information available on the portal. She was further advised to prepare a letter formally requesting the said information should there be any need.	Within 3 days.
<b>AFRICA</b>			
South Africa	Requirement to obtain a PSDL for purposes of dealing in semi-precious stones in Botswana.	Client was engaged further and given HS code 7103 to use on the portal for further information.	Within 3 days, with further engagements thereafter.
	Requirements to transport race motor cycles from South Africa into Botswana for a race.	BURS was engaged and they advised that a temporary Import permit be sort at the designated point of entry.	Within 3 days.
Botswana	Requirements for one to become a permit approved exporter.	Crop Production Department explained the process to the client with all the requirements for one to import crops from outside	Within 3 days.
Zimbabwe	Trade requirements, taxes, laws for automotive, industrial and solar batteries.	All processes sent out and a total number of cars stats in Botswana shared with the client.	Within 3 days.
<b>NORTH &amp; SOUTH AMERICA</b>			
Mexico	Looking for products to sell in Latin America.	Contacts shared with the Trade Portal User Community for further engagements.	Within 3 days.
<b>OTHERS</b>			
Others	Import and export requirements for quail eggs, women's sanitary pads, sorghum beer powder, beef products, fish e.t.c	Traders directed to process flow-charts in Trade Portal.	Within 3 days.



## EXPORT DEVELOPMENT & PROMOTION (CONTINUED)



### GLOBAL EXPO BOTSWANA (GEB)

GEB 2017 attracted 208 (94%) exhibitors against a target of 220.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## EXPORT DEVELOPMENT & PROMOTION (CONTINUED)



### GLOBAL EXPO

Global Expo Botswana (GEB) is a premier business to business exposition which aims to attract foreign direct investment (FDI), expand domestic investment, promote exports of locally produced goods and services and promote trade between Botswana and other countries.

Botswana Investment and Trade Centre (BITC) hosted its 12<sup>th</sup> GEB from the 31<sup>st</sup> October to 3<sup>rd</sup> November 2017 at the Botswana Conference and Exhibition Centre in Gaborone under the theme “Unlocking opportunities for economic growth”. GEB 2017 featured a one-day Investment and Trade Conference, business to business matchmaking and workshops to offer exhibitors and visitors an opportunity to actively promote their businesses and to stimulate intra-regional business exchange.

#### GEB 2017 PERFORMANCE RESULTS IN SUMMARY

The 12<sup>th</sup> edition of the GEB kicked off with the official opening which was performed by the Vice President of the Republic of Botswana, His Honour, Mr. Mokgweetsi E.K. Masisi as the keynote speaker, followed by the much anticipated Investment and Trade Conference. The conference was a great success as it attracted well over 500 delegates from various parts of the world, with the majority of the delegates coming from Botswana. The following day saw the GEB business workshops commence.

A total of eight(8) business workshops were held successfully during the remaining 3 days of the Global Expo. All the business workshops were well attended and were covered by local and international media.

GEB 2017 attracted 208 (94%) exhibitors against a target of 220. The number of countries that participated at GEB remained constant at 17 as in the previous year. These countries were Botswana, India, South Africa, South Korea, Kenya, Zimbabwe, Zambia, Swaziland, Ghana, Indonesia, Namibia, Pakistan, Ethiopia, Poland, Sweden, Portugal, and Mozambique.

Another value addition which aided in the increase of leg traffic at the expo was the much anticipated event titled “In conversation with Sir Richard Branson”. This event held on 2<sup>nd</sup> November 2017, was also streamed live for those visitors and exhibitors that did not have access to the overly subscribed event.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS





## BRAND BOTSWANA

Brand Botswana as a function of Nation Branding, is still considered to be at its infancy stage.

Research has shown that Botswana lacks the international awareness that the country desires, ranking number 49 out of 50 on the Nation Brand Index study, which measures people's perceptions of a country. This has a detrimental effect on the efforts of attracting both investors and tourists.

The past five years have been anchored on creating buy-in for the nation branding concept locally, and building a solid stakeholder support to drive awareness of the brand. Brand Botswana has solicited support and buy-in from various stakeholders across the economic spectrum. These include, but are not limited to government, district councils, parastatals, institutions of higher learning as well as the general public. A number of alliances have been created, to drive partnerships to enable the brand to be amplified by other stakeholders. Memoranda of

Understanding were signed with the Botswana National Sports Commission and the Botswana National Olympic Committee, to ensure that athletes are trained and ably prepared to take up their global brand ambassador roles through media, social media and public speaking training.

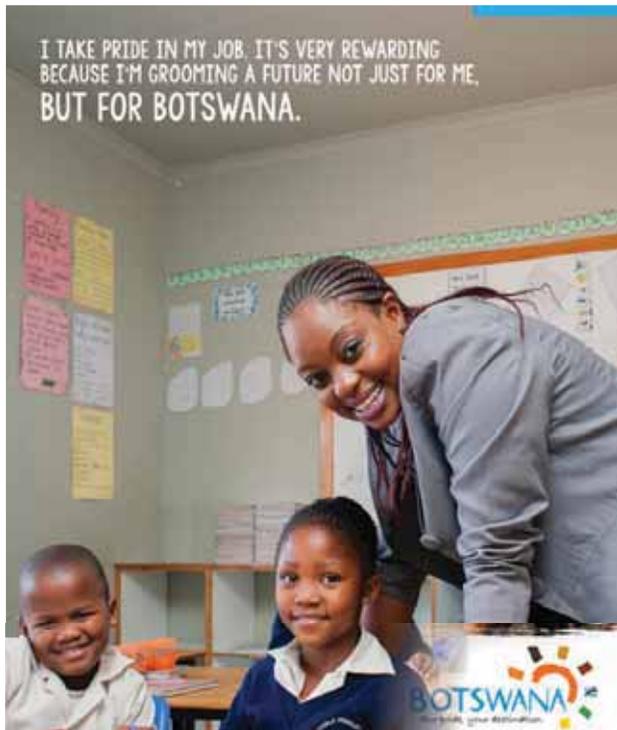
Through the national portfolio, Brand Botswana has conducted over 70 capacity building workshops, with a keen focus on immigration officials, Botswana Unified Revenue Services and health officials at all border posts. This was done in a bid to firmly position the said departments as Brand Ambassadors and as the first port of call for visitors to Botswana. Other workshops continue to be conducted with various stakeholder groups to engage them on their role in nation branding.

Brand Botswana also collaborated with the government to launch



the government implementation strategy that saw all ministries utilising the Pride Mark in all their promotional materials including vehicles. The national portfolio also embarked on a robust campaign to grow the number of Pride Mark users from the private sector. Further to this – the Botswana country pavilion was introduced at the Global Expo Botswana, resulting in close to 60 Botswana companies being given the opportunity to exhibit under the Brand Botswana banner since the 2015 Global Expo to provide a platform for exposure and to train them on selling their brands. This has seen the number of users growing to 202 to date, with a review of the Pride Mark process to ensure quality assurance of all users. Botswana Exporters were also targeted for Pride Mark use, as it is important for Botswana to create strong brands with a visible country of origin branding to firmly position Botswana on the global stage.

The “For Me, For BW” campaign continued to create a space for Batswana to tell their stories of how they are making a difference in their various communities and through their various initiatives. Ordinary Batswana were given a platform on private radio and social media to talk about their contribution to society.



Some of the key highlights of the national portfolio over the years include; Rural Branding, For Me, For BW Campaign which encouraged Batswana to take pride in their work. A concerted effort to engage media and government stakeholders, as well as work on key branding highlights nationally which will come to fruition in the 2018/19 financial year is being undertaken.

Key actions of the last financial year include:

### BUY BOTSWANA

The genesis of the Buy Botswana campaign, and approval of the strategy, is to drive the awareness of locally made products and encourage local uptake through a buy local campaign. The Buy Botswana campaign is to be fully implemented during the next financial year of 2018/19. The successful execution will not only have a positive impact on the economy but will also drive the uptake of the Pride Mark and create value for local manufacturers.

### STAKEHOLDER ENGAGEMENT

National Stakeholder Engagement continues to be key, with Brand Botswana partnering with, and participating in various national events, and driving participation of local pride mark using companies at the various events and exhibitions. Partnerships through the private sector driven events to increase and maintain local awareness is also key to maintaining brand relevance.



INTRODUCTION

GOVERNANCE

PERFORMANCE

AFS

## BRAND BOTSWANA (CONTINUED)

The International Portfolio continues to work closely with the Botswana missions abroad as a way of capacitating them and enabling them to play a more significant role in country promotion. Capacity building workshops were conducted for all Botswana missions. To raise global awareness, Brand Botswana embarked on a six-month campaign on both BBC World television (81 million weekly viewers) and digital platforms (1.2 billion views) in 2015. Subsequent to this, 32 episodes of "Doing Business in Botswana," flighted on CNBC Africa reaching 48 countries with a viewership of 5.1 million people. Further to this, a promotional campaign was flighted on DSTV channels – BBC World, Sky News and SuperSport channels to coincide with the 2016 Rio Olympics.

In the 2017/18 financial year, a strategic decision was taken to align Botswana promotions with the three markets where BITC has representation (South Africa, India and The United Kingdom). The campaign was however only limited to select targeted magazines due to the financial constraints. The following are some of the international magazines that were selected for the campaign, Indwe (South African Express Magazine), Highlife (British Airways Magazine), 6E World (IndiGO airlines, India) and Diplomat magazines in UK.



To engage Batswana living in the diaspora, and to harness their potential reach, Brand Botswana launched the Active Global Citizens Campaign. The campaign is aimed at ensuring ongoing engagement, and providing a network of Batswana who can promote Botswana in their countries of residence. Through this campaign, the aim is to support the efforts of Batswana as they utilize various avenues to share their positive experiences about Botswana. Thus far 208 Batswana living in different parts of the world have registered for this initiative, and engagement continues.

Brand Botswana hosted six journalists from South Africa, Kenya, Sweden and Germany for Global Expo Botswana 2017. Whilst in Botswana, the journalists attended GEB and the Grant Thornton Private Business Growth Awards, and had presentations from Botswana Innovation Hub, Botswana Tourism Organisation and were hosted to a tourism experience in Kasane. Various entities such as the Botswana Innovation Hub, Business Botswana and Botswana Tourism Organisation were also invited to engage with them, to tell the holistic Botswana story.

Brand Botswana further signed a two-year contract with Meltwater, a media monitoring tool that helps to track and monitor international media coverage on Botswana. The tool further gives Brand Botswana and BITC access to over 300 000 international journalists. Through the platform, information continues to be shared with journalists across the world, and there has already been positive reporting as a result of this engagement.

### FUTURE PROJECTS

Various projects are in progress and will be executed in the coming 2018/19 financial year. The Brand Botswana website ([www.brandbotswana.co.bw](http://www.brandbotswana.co.bw)) aimed at bridging the communication gap between Brand Botswana and both local and international audiences will be launched in the first quarter of the financial year. Upon completion, this will be an interactive website with links to other important organisations and government.

Brand Botswana will also develop a five-year strategy, in line with key country strategies such as Vision 2036 and The National Development Plan.

BRAND  
BOTSWANA (CONTINUED)

# Active \*Global Citizens\* Campaign



*Are you a Motswana living outside of Botswana? We would like to work with you.*

If you are living outside Botswana, or know someone who does, please share with us through inbox, the following information via our social media platforms.

**Full Name / Email address / Location / Occupation**

*#IamBotswana*



*Cardiff, UK.*



*Birmingham, UK.*



*Madrid, Spain.*



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

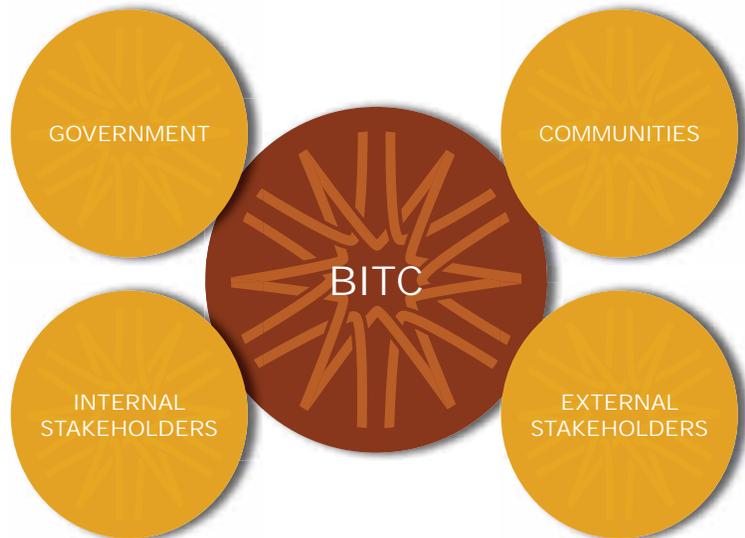


## REACHING OUT

BITC appreciates the necessity for meaningful participation, consultation, and collaboration with individuals, groups, government, business communities and institutions that have an interest in, can enable, contribute to and are likely to be impacted or impact the business of BITC. BITC has therefore during the previous year made multiple efforts to engage its various stakeholders.

### STAKEHOLDER ENGAGEMENT

Developing, sustaining and evolving key relationships with external stakeholders lies at the heart of the BITC mandate.



The organisation through its various functions made deliberate efforts to engage stakeholders in the groups above through:

- Business forums/ seminars/ conferences
- Business round tables
- Thought leadership forums
- One on one meetings
- Inward and outward trade and investment missions
- Company visits and aftercare
- Exhibitions and outreach programs
- Press conferences, press releases
- Mass media communication
- Digital media
- Kgotla meetings
- Full Council and Land Board meetings

## MAKING IT IN BOTSWANA TELEVISION PROGRAMME

The Botswana Investment and Trade Centre (BITC) is always exploring innovative ways to market and increase the footprint of locally made products nationally, regionally and internationally. The Centre initiated a programme dubbed "Making it in Botswana", a television programme produced to profile locally made products. The TV show follows the production process, from start to finish of a single product produced by a selected company. The title "Making it in Botswana" has a two-pronged meaning; a) it means profiling locally made goods and b) running a business in Botswana successfully.

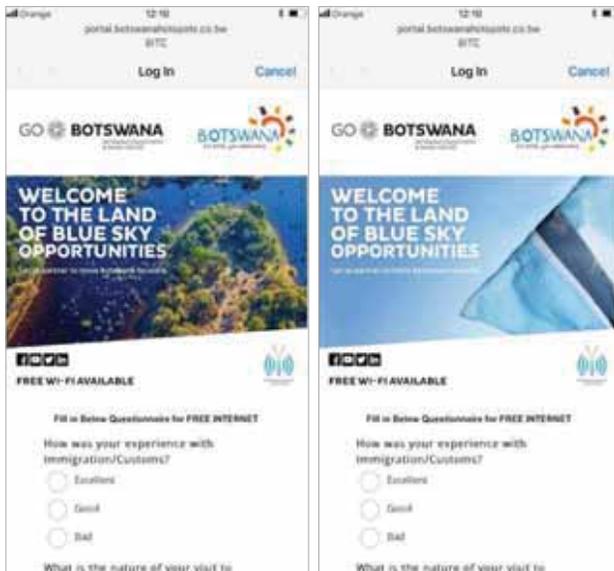
The show chronicles a diverse range of products; from fish, PVC pipes to bricks and even boats in a set of 13 episodes. There were 25 companies featured on the show during its first season in 2017.

See below range of showcased products.

Number	Name Of The Company	Product	Company Location
1	KGK Diamonds	Diamonds	Gaborone
2	Botswana Vaccine Institute	Foot & Mouth Vaccine	Gaborone
3	Green Reeds	Chobe Bream Fish	Kasane
4	Mane Blocks Holdings	Sorghum Meal / Bopi Jwa Mabele	Tsetsebjwe
5	Fibre Land	Bath Tubs	Tlokweng
6	Sally Dairy	Madila, Milk & Juice	Tlokweng
7	Foods Botswana	Tsabana	Serowe
8	Organic Fertilizers Manufactures Botswana	Fertilizers	Mmamashia
9	Nortex	Towels	Francistown
10	Dune Foods Products	Canned Tripe / Serobe	Lobatse
11	Kalahari Canvas	Camping Tents	Maun
12	Chloride Exide Botswana	Car Batteries	Gaborone
13	Flo-Tek	Water Tanks	Lobatse
14	Kgalagadi Soap Industries	Bath Soap	Gaborone
15	Ebony Botswana	Braids & Hair Extensions	Tlokweng
16	Bokomo Botswana	Maize Meal	Gaborone
17	Dinesh Textiles	Protective Garments	Selebi Phikwe
18	Solar Power	Solar Power Heating System	Gaborone
19	Gabs Bedding	Bed Sets	Phakalane
20	Crittall Hope	Window & Door Frames	Phakalane
21	Makoro Brick	Makoro Brick, Bricks	Palapye
22	National Agro Processing (NAPRO)	Tomato Sauce	Selebi Phikwe
23	FSG Limited	Coffins	Gaborone
24	Babic Holdings	Hardcover Notebook	Tlokweng
25	AllBoats	Boats	Maun

Season 1 of the show ended in January 2018 and preparations are ongoing for the production of Season 2 with a set of new companies and products. The episodes for Season 1 are available online through the BITC YouTube Channel for further dissemination abroad. They are marketed through the BITC Social Media platforms.

## REACHING OUT (CONTINUED)



### BITC SPONSORED AIRPORTS WIFI

Botswana Investment & Trade Centre and Brand Botswana engaged a local company, Metrotech Pty Ltd, through a partnership with Botswana Fibre Network (BOFINET) to use the existing BOFINET infrastructure to provide a free, managed WI-FI internet service for investors, visitors and customers on transit at all the four Civil Aviation Authority of Botswana (CAAB) airports.

These airports are; Sir Seretse Khama International Airport, Maun International Airport, Kasane International Airport and Francistown International Airport.

The Wi-Fi was launched in Kasane during the official launch of the Kasane International Airport in February 2018 by The President of the Republic of Botswana His Excellency Sir Seretse Khama Ian Khama. This platform allows for the marketing of BITC and Brand Botswana products and services, gathering information and providing feedback to BITC.

### PRIVATE BUSINESS GROWTH AWARDS

The organization forged a strategic partnership with Grant Thornton Botswana and Business Botswana for the Private Business Growth Awards.

Grant Thornton Botswana has been focusing on businesses/groups with growth strategies that

encompass a broad range of activities across their business: product and service development, expansion into domestic or international markets, development of people and culture, improvements in efficiency, improvements in stakeholder relations, improvements in financial measures or governance, contribution to social development and leadership through a combination of business acumen and instinct.

These awards allowed BITC to acknowledge and recognise the role that the private sector plays in delivering the Centre through employment creation and FDI and economic diversification.

**BITC had special categories to award the following;**

#### Investor of the Year Award (Manufacturing)

The award recognises and promotes best practice and the important role of the manufacturing sector as an engine of growth in Botswana's economy with particular emphasis on creating sustainable job creation.

#### Investor of the Year Award (Services)

The award recognises and promotes best practice and the important role of the services industries in promoting linkages in Botswana's economy with particular emphasis on creating sustainable job creation.

#### Exporter of the Year

This award recognises all export industry sectors from services to manufacturing and aims to encourage other Botswana enterprises to participate in regional and/or international business/markets and to ensure that their products and/or services can compete globally.

#### Investor Award - Expansions

This award recognises companies that have expanded widely in Botswana. The award encourages expansions of Foreign Direct Investment.

### ALL MITI PARASTATAL GAMES

The 2017 All Ministry of Investment, Trade & Industry (MITI) Parastatal Games marked the 4<sup>th</sup> year in counting since they conceptualised by Botswana Investment & Trade Centre (BITC). BITC hosted the maiden All MITI Parastatal Games in 2014 upon the realisation that the Ministry of Investment, Trade & Industry parastatals needed a social and sporting platform to build a relationship that complements the existing working relationship that the parastatals employees have with each other. This sporting activity has come a long way and has grown

## REACHING OUT (CONTINUED)

tremendously to become the highlight of the annual calendars of parastatals reporting to MITI.

The games have been held successfully every year since their inception as follows; 2015 was Local Enterprise Authority (LEA) and Copyright Society of Botswana (COSBOTS) in 2016 . The Games were held in Gaborone on May 13, 2017 and were hosted by The Competition Authority. The 2018 host will be Selebi Phikwe Economic Diversification Unit (SPEDU).



the organisation aims to annually support and contribute towards national efforts to uplift the quality of life for Botswana. In addition, the organisation strives to spread its footprint across the country to ensure that Botswana with different needs are assisted through BITC's CSI programme.

BITC has year after year successfully implemented its CSI programme and all implemented projects were aimed at uplifting the lives of the underprivileged. Previous projects include the pioneer milestone construction of a Guidance and Counselling Centre at Ikageng Junior Secondary School in Metsimotlhabe; the refurbishment of a children's ward, construction of a playground and donation of hampers for infants at Rakops Primary Hospital; the donation of furniture, bedding, radios, clothing etc. to elderly at Makaleng village; donation of Boys Scout uniform to Kokotsha Primary School and donation of stationery hampers to Mokoboxane Primary School students. This includes other small but impactful initiatives driven and funded by BITC employees.

Through the assistance of the Mahalapye Sub District Council, in the previous financial year, BITC identified a destitute family in the village of Maape as an ideal beneficiary for its annual CSI project. The Sub District was engaged to embark on a preliminary research that would primarily identify a family in need of a decent housing to restore the family's dignity and alleviate their suffering.



## CORPORATE SOCIAL INVESTMENT

### Construction of a Home in Maape Village

In furtherance of BITC's CSI objectives and fulfilment of the aspirations of the Vision 2036 Pillar 2: "Human and Social Development under Social Inclusion and Equality",

## REACHING OUT (CONTINUED)

They identified and proposed a beneficiary who is a single widow with three girls and two boys. The children of the beneficiary were reported to have left home due to the family's struggle while the father was left to care for his eleven year old son. The two lived in a compound which comprised of dilapidated mud huts with no running water, electricity or a toilet. As a result, the two resorted to request for shelter at a nearby friend's home. The Maape Social Worker was also tasked with identifying suppliers through the Village Development Committee (VDC) as an effort by BITC to ensure that the funds for the project are ploughed back into the community.

BITC delivered a fully furnished two bedroomed house with electricity and water connection. The house was officially handed over to the family on May 12, 2017, in the presence of the village elders and the community. The Honorable Vincent T. Seretse, Minister of Investment, Trade and Industry as well as the Minister of Health and Wellness, Honorable Dorcas Makgato were present to handover the home to the family and area Member of Parliament.

The project was made possible by a collaborative effort with the Mahalapye Sub District Council, Social services and the Village Development Committee in Maape Village. The BITC staff also played a pivotal role throughout the project, from inception until completion.

### COMMUNITY INVOLVEMENT

BITC employees are increasingly becoming fitter, healthier and more conscious of their social responsibility, often going beyond the call of duty to participate in community initiatives.

For example, the management team contributed BWP7000 to buy Christmas clothes and presents for twenty (21) children currently under the care of Child Line Botswana. A wheel chair was also donated to Princess Marina Hospital to benefit an eleven (11) year old boy living with disability.

A comprehensive programme to benefit People living with Disabilities (PWD) and the Youth was developed and implemented.





## CUSTOMER SERVICE

Customer Service is a critical sector in governing the relationship between an organisation and its customers.

In view of this, BITC continues to prioritise initiatives which contribute to continuous transformation towards service excellence.

Service monitoring and evaluation is critical to the organization in assessing how the organization is performing against key service standards. The average customer satisfaction score for the year assessed through the administration of the daily dip stick survey is 85%. In addition, a mystery shopping exercise was also carried out to gauge service experience at an intimate level.

Service excellence and customer satisfaction is a direct output of the buy in and commitment of employees to the service culture of the

organisation. The organisation embarked on an internal customer service campaign termed '*I am Committed*' to rally management and all staff behind the initiatives developed for service improvement. The activities of the day included role swapping where employees got to learn and experience the roles and challenges of divergent functions. Exceptional employees in customer service were recognised.

As part of the ongoing implementation of the customer service strategy, the organisation embarked on different service measurement procedures with the view to have a holistic view of the BITC service experience. The recommendations made on service improvement will be



## REACHING OUT (CONTINUED)

adopted into the service plans for implementation in the following year. Internal service is also very key and efforts have been made to sensitise staff to observe service standards and service level agreements which guide service delivery between departments.

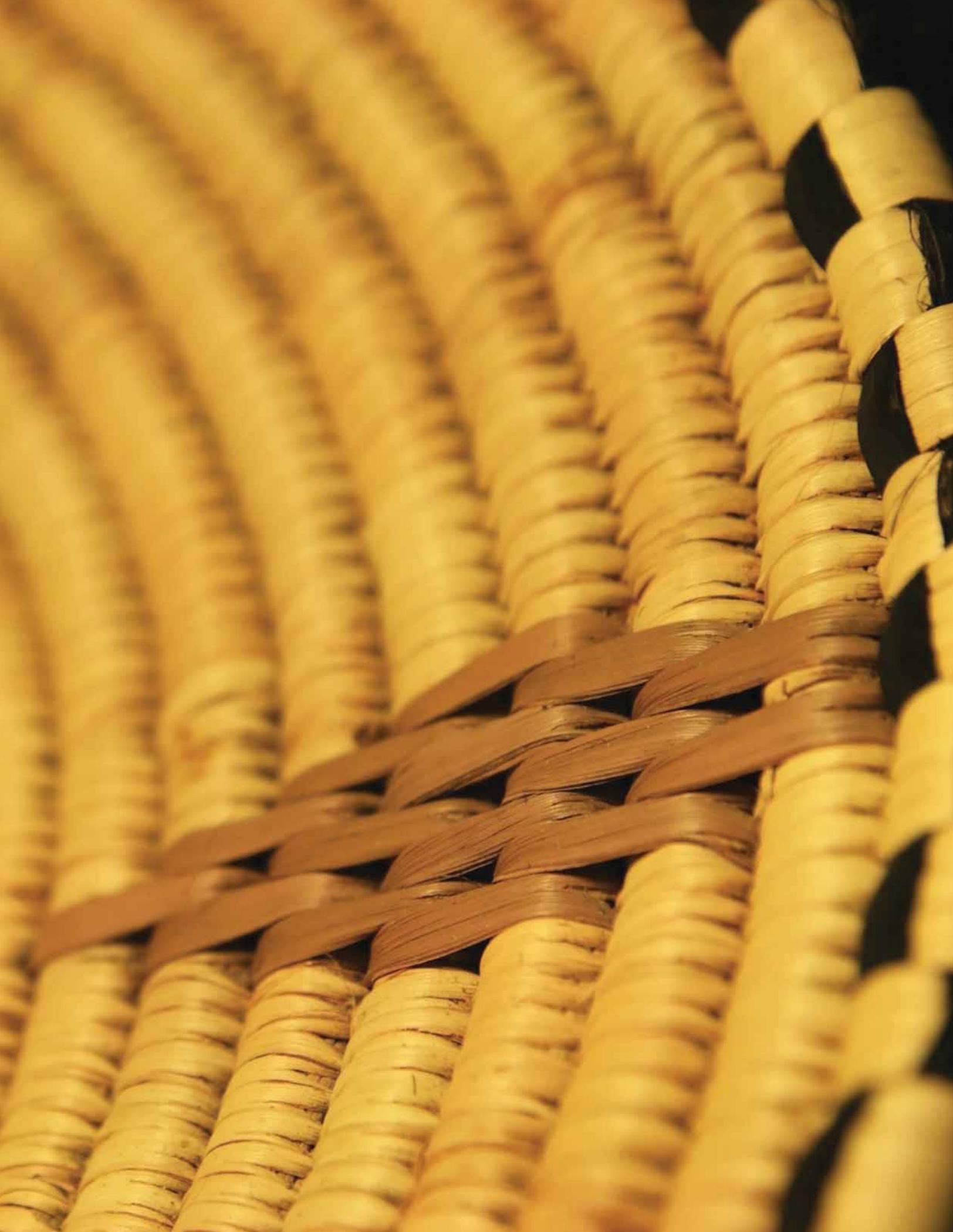
To this effect, the organisation has developed an SLA monitoring tool to ensure and monitor adherence to the SLAs as well as internal customer satisfaction measurement tools. The organization has further put in place a service scorecard which seeks to add more structure and commits all departments through the adoption of service measures and plans and performance against the same is measured at departmental and organisational level.

The organisation will continue with the implementation of the customer service strategy into the coming year. This includes the development of the BITC Customer Relationship Management Strategy, which is meant to enhance the level and quality of client relations.



- INTRODUCTION
- GOVERNANCE
- PERFORMANCE
- AFS







INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS



CONSOLIDATED ANNUAL  
**FINANCIAL STATEMENTS**  
for the year ended 31<sup>st</sup> March 2018

**CONTENTS**

Statement of Responsibility by the Board of Directors	73
Report of the Independent Auditors	74-77
Consolidated Statement of Comprehensive Income	78
Consolidated Statement of Financial Position	79
Consolidated Statement of Changes in Funds	80
Consolidated Statement of Cash Flows	81
Notes to the Consolidated Financial Statements	82-111

The following schedules do not form part of the consolidated annual financial statements and are presented solely for information

Detailed Consolidated Income Statement and Notes	112-115
--	---------



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

# GENERAL INFORMATION

## Domicile, Legal Form And Principal Business Activity

Botswana Investment and Trade Centre (BITC) was established under the Botswana Investment and Trade Centre Act, 2011 in order to promote, attract, encourage and facilitate local and foreign investments in Botswana as well as export development and custodianship and promotion of the nation's brand.

### Registered Address

Plot 54351, Exponential Building  
Central Business District (CBD)  
Gaborone

### Directors

Victor Senye - Chairman  
Belinda Mosweu  
Terence Dambe  
Macie Keneillwe Molebatsi  
Christopher Roy Garland  
Ellen Lopang Richard - Madisa  
Peggy O Serame  
Palesa Semele  
Kelotsositse Olebile - Chief Executive (Acting)  
Meshack Tshekedi - Chief Executive (Acting)(Resigned: 31.01.2018)

### Postal Address

Private Bag 00445  
Gaborone

### Auditors

Price water house Coopers  
Gaborone

### Bankers

Standard Chartered Bank Botswana Limited  
First National Bank of Botswana Limited  
Stanbic Bank Botswana Limited  
STANLIB Investment Management Services (Proprietary) Limited  
First National Bank of South Africa Limited  
Bank of India Limited  
Barclays Bank PLC, UK  
Bank Gaborone Limited

## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS for the year ended 31 March 2018

The directors of Botswana Investment and Trade Centre are responsible for the annual consolidated financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual consolidated financial statements in accordance with International Financial Reporting Standards and in the manner required by the Botswana Investment and Trade Centre Act, 2011.

The Botswana Investment and Trade Centre ("Centre") maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of Centre's assets. The directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the Centre will not be a going concern in the foreseeable future, based on the continuous support by the Government of Botswana through the Ministry of Investment, Trade and Industry.

Our external auditors conduct an examination of the consolidated financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Board of Directors.

The annual consolidated financial statements on pages 78 to 111 and supplementary information on pages 112 to 115 were authorised for issue by the Board of Directors on 21<sup>st</sup> September 2018 and are signed on its behalf by:



DIRECTOR



DIRECTOR



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS



## INDEPENDENT AUDITOR'S REPORT TO THE MINISTER OF INVESTMENT, TRADE AND INDUSTRY

### Report on the audit of the consolidated financial statements

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Botswana Investment and Trade Centre (the "Centre"/"BITC") and its subsidiary (together the Group) as at 31<sup>st</sup> March 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

#### What we have audited

Botswana Investment and Trade Centre's consolidated financial statements set out on pages 78 to 111 which comprise:

- the consolidated statement of financial position as at 31<sup>st</sup> March 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in funds for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the BITC in accordance with the Botswana Institute of Chartered Accountants Code of Ethics (the "BICA Code") and the ethical requirements that are relevant to our audit of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with these requirements and the BICA Code. The BICA Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B).

#### Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. The matter reported on was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw

Country Senior Partner: B D Phirie  
Partners: R Binedell, A S Edirisinghe, L Mahesan, R van Schalkwyk, S K K Wijesena





Key audit matter	How our audit addressed the key audit matter
<p>Classification of residential property in South Africa as a non-current asset held for sale</p> <p>The board of directors made a decision to dispose of the residential property in South Africa. The sale is expected to be completed by 31<sup>st</sup> March 2019.</p> <p>The property being sold shall not be reclassified as assets classified as held for sale until it meets the criteria to be classified as held for sale in accordance with IFRS 5: <i>Non-current assets held for sale and discontinued operations</i>. Management assessed that the residential property in South Africa valued at P2.1Mn met the IFRS 5 criteria and classified the property as a non-current asset held for sale.</p> <p>The classification of the property as a non-current asset held for sale was considered to be a matter of most significance to the current year audit due to the following:</p> <ul style="list-style-type: none"> <li>• The sale of the property was considered to be an unusual transaction as the transaction is not considered to be in the Centre's normal course of business; and</li> <li>• Property is not usually owned in South Africa hence the classification of this property as a non-current held for sale is key to the users of the financial</li> </ul> <p>Disclosure relating to the property classified as non-current assets held for sale is set out in the financial statements in the following note:</p> <p>Note 11.1 – Assets classified as held for sale (Page 100)</p>	<p>We performed the following procedures to assess whether the property was available for immediate sale in its present condition and whether the sale was highly probable</p> <ul style="list-style-type: none"> <li>• We inspected the Board resolution dated 24<sup>th</sup> August 2017 and verified the board's decision for the disposal of the property;</li> <li>• We inspected the signed agreement entered into between the Centre and Seeff Properties to verify the appointment of the sale agent;</li> <li>• We further inspected the agreement to determine whether there were any conditions attached to the sale. No conditions were identified;</li> <li>• We inspected the Seeff Properties website and verified that the property was actively marketed and available for immediate sale; and</li> <li>• We inspected a valuation of the property performed by an external valuer and compared this to offers received from potential buyers and found the property was actively marketed at a price that is reasonable in relation to its current fair value.</li> </ul> <p>Based on our procedures performed, we found that management's assessment that the property be classified as non-current assets held for sale to be reasonable.</p>

- INTRODUCTION
- GOVERNANCE
- PERFORMANCE
- AFS



### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the *Botswana Investment and Trade Centre Consolidated Annual Financial Statements for the year ended 31<sup>st</sup> March 2018*, which we obtained prior to the date of this auditor's report, and the *Botswana Investment and Trade Centre Annual Report 2018* which is expected to be made available to us after that date. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the directors for the consolidated financial statements*

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Botswana Investment and Trade Centre Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to cease operations or have no realistic alternative but to do so.

### *Auditor's responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.





- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Report on other legal and regulatory requirements*

In accordance with Section 19 (3) of the Botswana Investment and Trade Centre Act, 2011, we confirm that:

- We have received all information and explanations which, to the best of our knowledge and belief, were necessary for the performance of our duties as auditors;
- The accounts and related records of the Group have been properly kept;
- The Group has complied with all the financial provisions of the Botswana Investment and Trade Centre Act, 2011; and
- The statement of accounts prepared by the Group was prepared on a basis consistent with that of preceding year except for the adoption of new and revised International Financial Reporting Standards as stated in Note 2.1.1 to the consolidated financial statements.

Individual practicing member: Kosala Wijesena  
Member number: 20000110

Gaborone  
28<sup>th</sup> September 2018

INTRODUCTION

GOVERNANCE

PERFORMANCE

AFS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2018

	Note	2018 P	2017 P
Income	5	117,896,552	112,819,927
Other income	7	3,754,549	4,480,109
Investment property fair value adjustment	12	4,240,493	(29,314,072)
Administrative expenses	8	(112,510,068)	(110,077,363)
Operating surplus/(deficit)		13,381,526	(22,091,399)
Net finance income	10	2,403,805	1,306,564
Surplus/(deficit) for the year		15,785,331	(20,784,835)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		15,785,331	(20,784,835)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

	Note	2018 P	2017 P
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	11	7,618,878	14,000,321
Investment properties	12	239,326,421	235,085,928
Intangible assets	14	-	13,935
Deferred lease income assets	16	1,581,243	1,251,808
		248,526,542	250,351,992
<b>Current assets</b>			
Trade and other receivables	15	5,460,407	4,673,404
Deferred lease income assets	16	1,192,336	662,264
Cash and cash equivalents	17	79,906,999	98,314,447
		86,559,742	103,650,115
Assets classified as held for sale	11.1	2,151,081	-
		88,710,823	103,650,115
<b>Total assets</b>		<b>337,237,365</b>	<b>354,002,107</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>			
General fund		179,624,527	163,839,196
<b>Total funds</b>		<b>179,624,527</b>	<b>163,839,196</b>
<b>Non-current liabilities</b>			
Capital grants	18	134,634,643	137,140,678
Deferred lease liability	20	596,356	993,974
		135,230,999	138,134,652
<b>Current liabilities</b>			
Trade and other payables	19	22,381,839	52,028,259
		22,381,839	52,028,259
<b>Total liabilities</b>		<b>157,612,838</b>	<b>190,162,911</b>
<b>Total funds and liabilities</b>		<b>337,237,365</b>	<b>354,002,107</b>

## CONSOLIDATED STATEMENT OF CHANGES IN FUNDS

for the year ended 31 March 2018

	General Fund P	Total P
Balance at 1 <sup>st</sup> April 2015	168,234,347	168,234,347
Surplus for the year	16,389,684	16,389,684
Balance at 31 <sup>st</sup> March 2016	184,624,031	184,624,031
Balance at 1 <sup>st</sup> April 2016	184,624,031	184,624,031
Deficit for the year	(20,784,835)	(20,784,835)
Balance at 31 <sup>st</sup> March 2017	163,839,196	163,839,196
Balance at 1 <sup>st</sup> April 2018	163,839,196	163,839,196
Surplus for the year	15,785,331	15,785,331
Balance at 31 <sup>st</sup> March 2018	179,624,527	179,624,527

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2018

	Note	2018 P	2017 P
Cash Generated from Operations	21	277,737	12,045,665
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	11	(811,208)	(3,191,730)
Proceeds from sale of property, plant and equipment		428,497	586,464
Interest income received	10	2,497,039	2,128,033
Net cash used in investing activities		2,114,328	(477,233)
Cash flows from financing activities			
Government capital grants received	18	811,208	3,191,730
Net cash generated from financing activities		811,208	3,191,730
Net change in cash and cash equivalents		3,203,273	14,760,162
Cash and cash equivalents at beginning of year		68,277,781	54,339,088
Exchange losses on cash and cash equivalents		(93,234)	821,469)
Cash and cash equivalents at end of year	17	71,387,820	68,277,781

# CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

-  INTRODUCTION
-  GOVERNANCE
-  PERFORMANCE
-  AFS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

### 1 General Information

The Botswana Investment and Trade Centre (“Centre”) was established under the Botswana Investment and Trade Centre Act, 2011 in order to promote, attract, encourage and facilitate local and foreign investments in Botswana as well as export development and custodianship and promotion of the nation’s brand. The address of its registered office is Plot 54351, Exponential Building, Central Business District (CBD), Gaborone.

### 2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### 2.1. Basis of Preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities and investment properties.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Centre’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### Basis of Consolidation

Subsidiary is an entity over which the BITC has control. The BITC controls an entity when the BITC is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity. Subsidiary is fully consolidated from the date on which control established through its incorporation.

Subsidiary has a 31<sup>st</sup> March year end apply uniform accounting policies for like transactions.

The subsidiary was incorporated as a company not having a share capital, and therefore BITC does not carry amount reflected as investment in subsidiary.

Transaction between the subsidiary and BITC are eliminated.

## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

#### 2 Summary of significant accounting policies (continued)

##### 2.1.1 Adoption of Standards in the Current Financial Year

###### (a) New and amended standards applicable to the current period

The following new standards, amendments and interpretations to existing standards are mandatory for the Centre's accounting periods beginning on or after 1<sup>st</sup> April 2017. These have been adopted by the Centre during the year.

- Amendments to IAS 7 - Cash flow statements - The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities. (Effective 1<sup>st</sup> January 2017)

###### (b) New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Centre

The following new standards, amendments and interpretations to existing standards are mandatory for the Centre. These have not been early adopted by the Centre. The Centre is still in progress of assessing the impact.

Standard	Description	Effective date
IFRS 15	Revenue from contracts with customers	1 <sup>st</sup> January 2018
IFRS 9	Financial Instruments (2009 & 2010), Financial liabilities, De-recognition of financial instruments, Financial assets, General hedge accounting	1 <sup>st</sup> January 2018
IAS 40	Investment property	1 <sup>st</sup> January 2018
IFRS 16	Leases	1 <sup>st</sup> January 2019



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

# CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

### 2 Summary of significant accounting policies (continued)

#### 2.2 Foreign currency translation

##### 2.2.1 Functional and presentation currency

Items included in the financial statements of the Centre are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Botswana Pula, which is the Centre's functional and presentation currency.

##### 2.2.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement within 'Other (losses)/gains - net'.

#### 2.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Centre and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Buildings	50 years
- Office equipment	4 years
- Furniture and fittings	5 years
- Computer equipment	3 years
- Motor vehicles	4 years
- Leasehold improvements	Remaining lease period

## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

#### 2 Summary of significant accounting policies (continued)

##### 2.3 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

##### 2.4 Capital work-in progress

Properties in the course of construction for rental, administrative purposes or for purposes not yet determined are carried at cost less any identified impairment loss. When the properties are ready for use or a completion certificate has been issued, such properties are transferred to property, plant and equipment. Depreciation is not charged when properties are still under construction.

##### 2.5 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Centre, is classified as investment property. Investment property comprises freehold/leasehold land and buildings. Properties under operating lease are classified as investment properties only if they meet recognition other criteria. Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Centre uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the directors. Investment property that is being redeveloped for continuing use as investment property for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)



### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

#### 2 Summary of significant accounting policies (continued)

##### 2.5 Investment properties (continued)

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Centre and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Changes in fair values are recorded in the statement of comprehensive income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as investment property under construction and stated at cost until construction or development is complete.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the statement of comprehensive income.

##### 2.6 Intangible assets

###### Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Purchase costs that are directly attributable to software products controlled by Centre are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- there is an ability to use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;

Directly attributable costs that are capitalised as part of the software product include the software purchase costs. Other development expenditure that do not meet these criteria are recognised as an expense as incurred.

Computer software costs recognised as assets are amortised over their estimated useful lives from time its ready for the intended use, which do not exceed three years.

## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

#### 2 Summary of significant accounting policies (continued)

##### 2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

##### 2.8 Financial assets

###### 2.8.1 Classification

The Centre classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

###### *(a) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

###### *(b) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Centre's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

###### *(c) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the reporting date.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)



### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

#### 2 Summary of significant accounting policies (continued)

##### 2.8 Financial assets (continued)

##### 2.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Centre commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Centre has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the statement of comprehensive income within ‘other (losses)/gains – net’ in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the Centre’s right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in statement of comprehensive income, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as ‘gains and losses from investment securities’.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of finance income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the Centre’s right to receive payments is established.

There were no financial assets categorised as fair value through profit or loss or available for sale assets at the statement of financial position date.

## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

#### 2 Summary of significant accounting policies (continued)

#### 2.8 Financial assets (continued)

##### 2.8.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

##### *(a) Assets carried at amortised cost*

The Centre assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

##### 2.8.4 Impairment of financial assets

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Centre may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

# CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

### 2 Summary of significant accounting policies (continued)

#### 2.8 Financial assets (continued)

##### 2.8.4 Impairment of financial assets

###### *(b) Assets classified as available for sale*

The Centre assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

#### 2.9 Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

See note 12 for disclosures of the investment property that are measured at fair value through profit or loss.

#### 2.10 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of operation. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

#### 2 Summary of significant accounting policies (continued)

##### 2.10 Trade receivables (continued)

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited as other income in the statement of comprehensive income.

##### 2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

##### 2.12 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### 2.13 Employee benefits

The terminal benefits such as end of contract gratuity are accrued for employees based on their employment contracts over the period of the contract. These costs are recognised as part of the staff costs in the statement of comprehensive income.

##### 2.14 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Centre has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

# CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

### 2 Summary of significant accounting policies (continued)

#### 2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods/services supplied, stated net of discounts and returns. The Centre recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Centre; and when specific criteria have been met for each of the Centre's activities, as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

##### a) Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term.

##### b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

#### 2.15 Government grants

Government grants are assistance by government in the form of transfers of resources to the Centre in return for compliance with certain conditions relating to the operating activities of the Centre.

Government subventions relating to a particular period are recognised in the statement of comprehensive income in the respective period when there is a reasonable assurance that the subventions will be received.

Grants from the Government are initially recognised to unspent grants under current liabilities in the statement of financial position, once there is reasonable assurance that the Centre will comply with the conditions attaching to them (as applicable) and it is reasonably assured that the grant will be received.

Grants received for specific expenses are recognised in the statement of comprehensive income over the period necessary to match with the expenses they are intended to compensate. Grants received for which the related expense have not been incurred remain included in current liabilities as unspent grants received from Government.

Grants received for the acquisition of property, plant and equipment ('capital assets') are transferred from unspent grants to capital grants in the statement of financial position in the period in which the underlying asset is bought. Grants, for which the underlying asset has been bought, is subsequently recognised in the statement of comprehensive income to match the depreciation of the related assets, as other

## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

#### 2 Summary of significant accounting policies (continued)

##### 2.15 Government grants (continued)

income. Grants received for which assets have not been purchased, remain included in current liabilities as unspent grants received from Government.

##### 2.16 Related parties

A party is deemed related to the Centre they are directors of the Centre. Related party transactions are disclosed in Note 25 to the financial statements.

##### 2.17 Leases

Leases of property, plant and equipment where the Centre assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payment. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest bearing borrowings.

The interest element of the finance charges is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the useful lives of the assets.

Leases of assets under which a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### 3 Financial risk management

##### 3.1 Financial risk factors

The Centre's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and other price risk), credit risk and liquidity risk. The Centre's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Centre's financial performance. Risk management is carried out under policies approved by the board of directors.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

#### 3 Financial risk management (continued)

##### a) Market risk (continued)

##### i) Foreign currency risk

In the normal course of business, the Centre enters into transactions denominated in foreign currencies and is exposed to foreign exchange risk arising from various currency exposures, mainly with respect to South African Rand, Indian Rupee and UK Pounds. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The Centre does not have significant investments in foreign currencies. Foreign currency bank accounts are maintained by the branches in South Africa, India and UK.

At 31<sup>st</sup> March 2018, if the currency had weakened/strengthened by 1% against the UK pound with all other variables held constant, surplus for the year would have been P3,140 (2017: P 9,449) higher/lower, mainly as a result of foreign exchange gain or loss on translation of UK pound-denominated accrued expenses and bank balances.

At 31<sup>st</sup> March 2018, if the currency had weakened/strengthened by 1% against the South African Rand with all other variables held constant, surplus for the year would have been P18,664 (2016: P34,504) higher/lower, mainly as a result of foreign exchange gain or loss on translation of South African Rand-denominated accrued expenses and bank balances.

At 31<sup>st</sup> March 2018, if the currency had weakened/strengthened by 1% against the Indian Rupee with all other variables held constant, surplus for the year would have been P8,167 (2017: P 6,844) higher/lower, mainly as a result of foreign exchange gain or loss on translation of Indian Rupee-denominated other receivables and bank balances.

##### ii) Other price risk

The Centre is not exposed to other price risks such as equity price risk, commodity price risk, prepayment risk, and residual value risk.

##### iii) Cash flow and fair value interest rate risk

Fluctuation in interest rates impact on the value of short-term cash investment and financing activities, giving rise to interest rate risk. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risk.

The Centre has no long-term significant interest-bearing assets. The grant is deposited in short-term deposits until it is used for the purpose for which the grant is received from the Government.

CONSOLIDATED ANNUAL  
FINANCIAL STATEMENTS (CONTINUED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 March 2018

3 Financial risk management (continued)

iii) Cash flow and fair value interest rate risk (continued)

At 31<sup>st</sup> March 2018, if interest rates on short-term deposit had been 1% higher/lower with all other variables held constant, excess of expenditure over income for the year would have been P 631,602 (2016: P 983,064) lower/higher, mainly as a result of higher/lower interest income on floating rate deposits.

b) Credit risk

Financial assets of the Centre, which are subject to credit risk, consist mainly of debtors and cash resources. The Centre has policies in place to ensure that the premises are rented to customers with an appropriate credit history. Cash deposits are held with high-credit-quality financial institutions. No credit limits were exceeded during the reporting period. Please refer to note 22 for disclosure on credit quality.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management of the Centre aims to maintain flexibility in funding by keeping committed credit lines available.

The Centre's financial liabilities as given in the table below consist of accounts payable with a maturity period of less than 12 months from the statement of financial position date. The analyses of financial liabilities into relevant maturity groupings are based on the remaining period at the statement of financial position to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year P
At 31 March 2018 Trade and other payables	19,564,619*
At 31 March 2017 Trade and other payables	49 815 083*

\* Excluding statutory liabilities



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)



### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

#### 3.2 Capital risk management

The Centre's objectives when managing capital are to safeguard the Centre's ability to continue as a going concern and benefits for stakeholders and to minimise the use of debt capital. In order to maintain or adjust the capital structure the Centre may adjust the assets or sell asset to reduce the debt.

The Centre is funded by the Government. Consistent with this objective the Centre does not monitor capital on the basis of the gearing ratio.

#### 4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Centre's accounting policies, management has made the following estimates and judgments that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within next year.

##### a) Allowances for doubtful debts

Allowances for doubtful debts is created where there is objective evidence, such as probability of insolvency or significant financial difficulties of the debtor, that the Centre will not be able to collect the due under the original terms of the invoice. An estimate is made with regard to the probability of insolvency and the estimated amount of debtors who will not be able to pay.

##### b) Property, plant and equipment

The Centre follows the guidance of IAS16 (revised) and determines the residual values and useful lives of assets at each statement of financial position date. This determination requires significant judgement. In making this judgement the management evaluates amongst other factors, the purpose for which the respective asset is acquired, market conditions at the statement of financial position date and the practice adopted by similar organisations.

##### c) Investment properties

The Centre follows the fair value model as per IAS 40 in recognising and measuring investment properties, and determines the fair values at the statement of financial position date. This determination requires significant judgement. In making this judgement the management evaluates amongst other factors, the purpose for which the respective asset is acquired, market conditions at the reporting date and the practice adopted by similar organisations.

## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

#### 4 Critical accounting estimates and judgements (continued)

##### d) Impairment of non-current assets held for sale

When the carrying amount of non current assets held for sale is lower than fair value, the difference between the carrying amount and the fair value is recognised as impairment loss, and the fair value was determined based on the best offer received from the potential buyers.

##### e) Treatment of grants received from Government

Taking into account its nature and substance, the Centre considers amounts that it receives from the Government to fall within the scope of IAS 20 *Accounting for Government Grants and disclosure of Government Assistance*. In reaching this conclusion, the Centre considers the terms attached to each of the grants received and the current practice adopted by other parastatals in Botswana. Accordingly, the Centre recognises the amounts received in accordance with the accounting policy as included in note 2.15.



INTRODUCTION



GOVERNANCE



PERFORMANCE



AFS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

	2018 P	2017 P
<b>5 Income</b>		
Government subvention (Note 6)	99,519,352	94,365,950
Global Expo income	1,487,454	1,416,765
Rental income	16,889,746	17,037,212
	<u>117,896,552</u>	<u>112,819,927</u>
<b>6 Government Subvention</b>		
Subvention received for the year	100,330,560	97,557,680
Less : capital grants for the year (Note 18)	(811,208)	(3,191,730)
	<u>99,519,352</u>	<u>94,365,950</u>
<b>7 Other Income</b>		
Amortisation of Government capital grant (Note 18)	3,317,243	3,374,400
Profit on disposal of property plant and equipment	79,677	373,733
Sundry income	357,629	731,976
	<u>3,754,549</u>	<u>4,480,109</u>
<b>8 Expenses by Nature</b>		
Aftercare expenses	31,288	9,707
Auditors' remuneration	430,141	297,697
Branding expenses	5,046,431	6,457,597
Provision for doubtful debts	627,412	112,211
Impairment of assets	1,650,015	-
Staff costs (Note 9)	46,602,261	52,362,408
Export promotion expenses	3,682,949	2,488,933
Depreciation and amortisation expenses	3,056,670	4,442,299
Global Expo expenses	8,387,221	8,846,249
Investment promotion expenses	4,478,966	2,521,527
Professional and legal fee	8,384,275	2,635,462
Public relations expenses	3,962,212	4,265,386
Rent expense	7,960,202	9,069,950
Research expenses	1,202,915	698,644
Seminar and conferences	285,387	562,746
Telecommunication and utilities	2,894,369	3,380,097
Computer expenses	3,337,773	3,841,823
Property maintenance expenses	2,646,142	1,586,886
Transport, travel and subsistence	2,575,308	2,147,595
Other expenses	5,268,131	4,350,146
	<u>112,510,068</u>	<u>110,077,363</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

	2018 P	2017 P
<b>9 Staff Costs</b>		
Salaries and allowances	36,748,130	42,631,467
Social security costs	1,331,123	1,429,050
Gratuity	6,261,714	6,930,450
Staff training and other staff related expenses	2,261,294	1,371,441
	<u>46,602,261</u>	<u>52,362,408</u>
<b>10 Net Finance Income</b>		
Finance Income		
Interest income	2,497,039	2,128,033
Finance costs		
Exchange losses	(93,234)	(821,469)
Net Finance Income	<u>2,403,805</u>	<u>1,306,564</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31 March 2018

#### 11 Property, Plant and Equipment

	Land and Buildings	Leasehold Improvements	Office Equipment
	P	P	P
Year ended 31 <sup>st</sup> March 2017			
Net book amount at beginning of year	3,713,834	2,507,897	354,080
Additions	609,166	-	4,672
Transfer from Investment Property	5,300,000	-	-
Cost of Disposal	-	-	-
Depreciation on Disposal	-	-	-
Depreciation	(213,501)	(1,684,241)	(151,479)
Net book amount at end of year	9,409,499	823,656	207,273
As at 31 <sup>st</sup> March 2017			
Cost	9,961,309	6,572,017	865,333
Accumulated Depreciation	(551,810)	(5,748,361)	(658,060)
Net book amount	9,409,499	823,656	207,273
Year ended 31 <sup>st</sup> March 2018			
Net book amount at beginning of year	9,409,499	823,656	207,273
Additions	-	68,984	-
Cost of disposal	-	-	-
Depreciation on disposal	-	-	-
Impairment of assets	(1,650,015)	-	-
Classification as non current assets held for sale	(2,151,081)	-	-
Depreciation	(195,070)	(827,932)	(141,514)
Net book amount at end of year	5,413,333	64,708	65,759
As at 31 <sup>st</sup> March 2018			
Cost	5,631,418	6,641,001	865,333
Accumulated depreciation	(218,085)	(6,576,293)	(799,574)
Net book amount	5,413,333	64,708	65,759

#### 11.1 Assets classified as held for sale

Residential Property in South Africa

	Computer Equipment P	Furniture and Fittings P	Motor vehicles P	Total P
	988,507	1,202,126	1,270,975	10,037,419
	1,287,175	253,156	1,037,561	3,191,730
	-	-	-	5,300,000
	(14,583)	(48,667)	(700,000)	(763,250)
	14,583	54,686	481,250	550,520
	(930,249)	(609,318)	(727,309)	(4,316,097)
	1,345,433	851,983	1,362,477	14,000,321
	4,596,199	3,139,087	3,423,803	28,557,749
	(3,250,766)	(2,287,105)	(2,061,326)	(14,557,427)
	1,345,433	851,983	1,362,477	14,000,321
	1,345,433	851,983	1,362,477	14,000,321
	440,536	301,688	-	811,208
	-	-	(787,998)	(787,998)
	-	-	439,178	439,178
	-	-	-	(1,650,015)
	-	-	-	(2,151,081)
	(753,844)	(515,514)	(608,861)	(3,042,735)
	1,032,125	638,157	404,797	7,618,878
	5,036,735	3,440,775	2,635,805	24,251,068
	(4,004,610)	(2,802,619)	(2,231,009)	(16,632,190)
	1,032,125	638,157	404,797	7,618,878
			2018 P	2017 P
			2,151,081	-
			2,151,081	-

Pursuant to decision taken by the Board of Directors to sell the residential property in South Africa, a property agent, Seef Properties has been appointed on the 31<sup>st</sup> January 2018 as the sales agent. The sale is expected to be completed by the 31<sup>st</sup> March 2019. The disposal of the property meets the criteria set out in IFRS 5 Non-current Assets Held for Sale. Accordingly the assets were classified as 'Assets classified as held for sale and measured at the lower of its carrying value and fair value less cost to sell at the time of reclassification, resulting in an impairment loss of P1.65Mn which is recognised under expenses.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31 March 2018

#### 12 Investment Properties

	Land and Buildings P	Total P
<b>Year ended 31<sup>st</sup> March 2017</b>		
Balance at beginning of year	269,700,000	269,700,000
Transfer to PPE	(5,300,000)	(5,300,000)
Fair value losses	(27,400,000)	(27,400,000)
Rental Straight line adjustment	(1,914,072)	(1,914,072)
<b>Balance at end of year</b>	<b>235,085,928</b>	<b>235,085,928</b>
<b>Balance at end of year</b>		
At fair value	237,000,000	237,000,000
Rental Straight line adjustment	(1,914,072)	(1,914,072)
	<b>235,085,928</b>	<b>235,085,928</b>
<b>Year ended 31<sup>st</sup> March 2017</b>		
Fair value losses	(27,400,000)	(27,400,000)
Rental straight lining adjustment	(1,914,072)	(1,914,072)
	<b>(29,314,072)</b>	<b>(29,314,072)</b>
<b>Year ended 31<sup>st</sup> March 2018</b>		
Balance at beginning of year	235,085,928	235,085,928
Fair value gain	5,100,000	5,100,000
Rental straight line adjustment	(859,507)	(859,507)
<b>Balance at end of year</b>	<b>239,326,421</b>	<b>239,326,421</b>
<b>Balance at end of year</b>		
At fair value	242,100,000	242,100,000
Rental straight line adjustment	(2,773,579)	(2,773,579)
	<b>239,326,421</b>	<b>239,326,421</b>
<b>Year ended 31<sup>st</sup> March 2018</b>		
Fair value gain	5,100,000	5,100,000
Rental straight lining adjustment	(859,507)	(859,507)
	<b>4,240,493</b>	<b>4,240,493</b>

The Centre's investment properties were revalued on the 31<sup>st</sup> March 2018 by an independent professionally qualified valuer, CRIBS (Pty) Ltd trading as Apex Properties. Valuations were based on current market prices in an active market.

Income, direct and indirect expenses recognised in the consolidated statement of comprehensive income for the year are as follows:

	2018 P	2017 P
Rental Income	16,889,746	17,037,212
<b>Direct Cost</b>		
Rates	375,646	232,711
Property maintenance	1,345,872	484,664
	<u>1,721,518</u>	<u>717,375</u>
<b>Indirect costs</b>		
Insurance	130,440	151,526

All investment properties generated rental income. Hence, there are no direct/indirect costs relating to investment properties which did not generate rental income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 12 Investment Properties (continued)

Non-financial assets carried at fair value, as is the case for investment property held by the Centre, are required to be analysed by level depending on the valuation method adopted.

#### Valuation techniques underlying management's estimation of fair value

For investment properties with a total carrying amount of P239,326,421 (2017: P235,085,928), the valuation was determined using discounted cash flow (DCF), Gross replacement cost (GRC), sales comparison and income capitalisation based on significant Level 3 unobservable inputs.

Unobservable Inputs		Estimate
Capitalisation rates	Based on the data on recently transacted properties duly adjusted to reflect the subject asset's uniqueness;	Capitalisation rate
Direct comparable sales	Based on actual location, size and quality of the properties and taking into account market data at the valuation date;	Market value per sqm
Build rate	The current market cost of reproduction or replacement of an asset specific to the nature of the property, components and structure of the property;	Build rate per sqm
Discounted cash flows	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows and;	Discount rate
Future rental cash inflows	Based on the actual location, type and quality of the properties and external evidence such as current market rents for similar properties;	Rent escalation rate

Valuation Technique	Valuation	
	2018 P	2017 P
Discounted cash flows	22,800,000	22,000,000
Average of income, DCF, DRC and sales comparable	106,200,000	102,000,000
Average of income and sales comparable	25,200,000	26,000,000
Sales comparable	87,900,000	87,000,000
<b>Total</b>	<b>242,100,000</b>	<b>237,000,000</b>
Rental straight line adjustment	(2,773,579)	(1,914,072)
<b>Balance at end of year</b>	<b>239,326,421</b>	<b>235,085,928</b>

### 13 Investment in Subsidiaries

Comprising:

March 31<sup>st</sup>, 2018

Botswana Export Development and Investment Authority

% holding

100%

March 31, 2017

Botswana Export Development and Investment Authority

100%

#### Nature of the Company

The subsidiary based in South Africa, was incorporated in 2000, as a company not having share capital under the Companies Act of 1973 of South Africa. Core business of the entity is to promote investment into Botswana, promotion of products manufactured in the country for export and assist potential investors who want to invest in Botswana. The activities are 100% funded by the BITC Botswana.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31 March 2018

	2018 P	2017 P
14 Intangible Assets		
Net book amount at beginning of year	13,935	140,137
Amortisation charge	(13,935)	(126,202)
Net book amount at end of year	-	13,935
Cost	3,139,210	3,139,210
Accumulated amortisation	(3,139,210)	(3,125,275)
Net book amount	-	13,935
Intangible assets consist of computer software		
15 Trade and Other Receivables		
Trade receivables	3,798,640	1,812,395
Less: Provision for impairment of trade receivables	(1,969,775)	(1,342,363)
	1,828,865	470,032
Prepayments and Security Deposits	3,078,940	3,394,156
Interest receivable	143,562	73,198
Other debtors	3,153,191	2,657,069
Provision for TDS - India	(2,744,151)	(1,921,051)
	3,631,542	4,203,372
	5,460,407	4,673,404

Current trade and other receivables are receivable within a year. Since the impact of discounting is not significant, the fair value of trade and other receivables equal the carrying amount.

As of 31<sup>st</sup> March 2018, trade receivables of P837,562 (2017: P76 061) were fully performing.

As at 31<sup>st</sup> March 2018, trade receivable P991 303 (2017: P393 971) were past due but not impaired. These relates to a number of independent customers for whom there is no history of default. The ageing analysis of these trade receivables is as follows:

Up to 90 days	643,511	332,342
More than 90 days	347,792	61,629
	991,303	393,971

As at 31<sup>st</sup> March 2018, trade receivables amounting to P1,969,775 (2017: P1,342,363) were impaired and provided for. The amount of the provision reflecting impairment as at 31<sup>st</sup> March 2018 was P1,969,775 (2017: P1,342,363). The individually impaired receivables mainly relate to customers who are in unexpectedly difficult economic situations or have no more business transactions with the Centre for more than three months. It was assessed that the entire amount was not expected to be recovered.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31 March 2018

	2018 P	2017 P
15 Trade and other Receivables (continued)		
The movement in provision for bad and doubtful debt can be analysed as follows:		
Balance at beginning of year	1,342,363	1,230,152
Provision for the year (note 8)	627,412	112,211
Balance at end of year	1,969,775	1,342,363
The ageing of these impaired receivables as follows:		
Up to 90 days	101,814	213,620
More than 90 days	1,867,961	1,128,743
	1,969,775	1,342,363
Amounts charged to the allowance account are generally written off, when there is no expectation of recovery.		
Asset classes other than trade receivables and other receivables do not contain impaired assets.		
The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Centre does not hold any collateral as security.		
16 Deferred Lease Income Assets		
Balance at beginning of year	1,914,072	-
Movement during the year	859,507	1,914,072
Balance at end of year	2,773,579	1,914,072
Current portion	1,192,336	662,264
Non current portion	1,581,243	1,251,808
17 Cash and Cash Equivalents		
Short-term deposits	77,267,907	95,932,058
Cash at bank	2,632,076	2,374,342
Cash on hand	7,016	8,047
	79,906,999	98,314,447

As at 31<sup>st</sup> March 2018, cash and bank balances included an amount of P8,519,180 (2017 : P30,036,666) relating to Botswana Special Economic Zones Authority ("SEZA") held by BITC on behalf of SEZA. This comprises of cash deposited at Standard Chartered Bank Botswana Limited. This balance has been excluded from Cash and Cash Equivalent for the purpose of Statement of Cash flows. The corresponding liability has been raised in note 19.2.

Cash and cash equivalent includes P2,819,444 (2017: P4,153,122) attributable to countries where exchange controls or other legal restrictions apply (India and South Africa). Nevertheless, if the group complies with relevant requirements, such liquid funds are at its disposal within a reasonable period of time.

	2018 P	2017 P
17 Cash and Cash Equivalents (continued)		
For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:		
Bank balances	71,380,804	68,269,734
Cash on hand	7,016	8,047
	71,387,820	68,277,781
Cash and cash equivalents denominated in foreign currencies are as follows:		
UK Pounds	323,123	946,004
South African Rands	1,964,660	3,462,231
Indian Rupees	854,784	690,891
	3,142,567	5,099,126
18 Government Capital Grants		
Balance at beginning of year	137,140,678	137,323,348
Grant received during the year (Note 6)	811,208	3,191,730
Amortisation during the year (Note 7)	(3,317,243)	(3,374,400)
Balance at end of year	134,634,643	137,140,678
The Centre receives capital grants from Government for financing its capital expenditure		
19 Trade and Other Payables		
Staff accruals	5,530,787	11,446,690
Trade payables	209,561	1,102,713
Accrued expenses	2,388,132	3,141,470
Other payables	2,916,962	4,087,544
RSA taxes payable	2,817,218	2,213,176
Payable to Special Economic Zone Authority	8,519,179	30,036,666
	22,381,839	52,028,259
19.1 Payroll Taxes Payable		
RSA taxes payable refers to estimated Pay As You Earn (PAYE), Skill Development levy and Unemployment Insurance Fund liability and VAT payable to South African Revenue Services (SARS) from the Centre's South African Regional Office. These amounts refers to underpayment of employee taxes for the years of assessment 2010 to 2016 and have been disclosed to SARS on a voluntary basis.		
Movement in provision balance during the year is as follows:		
PAYE Balances		
Balance at beginning of year	2,213,176	2,213,176
Payments made during the year	(2,213,176)	-
Balance at end of year	-	2,213,176
VAT Balances	2,817,218	-
The current provision balance relates to voluntary disclosure on VAT		

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

	Note	2018 P	2017 P
19.2 Payable to Special Economic Zone Authority			
Balance at beginning		30,036,666	8,666,609
Government grants received during the year		1,747,815	34,038,290
Payments made during the year		(23,265,302)	(12,668,233)
Balance at end of the year		8,519,179	30,036,666
20 Deferred lease liability			
Balance at beginning of year		993,974	-
Movement during the year		(397,618)	993,974
Balance at end of year		596,356	993,974
21 Cash flow from operation activities			
Operating surplus / (deficit) for the year		13,381,526	(22,091,399)
Adjustments for:			
Depreciation	11	3,042,735	4,316,097
Investment property fair value adjustment	12	(4,240,493)	29,314,072
Rental straight lining adjustment		(859,507)	(1,914,072)
Deferred lease liability adjustment during the year		(397,618)	993,974
Amortisation of intangible assets	13	13,935	126,202
Profit on disposal of plant and equipment	7	(79,677)	(373,733)
Amortisation of capital grant	17	(3,317,243)	(3,374,400)
Impairment of assets	11	1,650,015	-
Changes in working capital			
Movement in trade and other receivables		(787,003)	1,806,774
Movement in trade and other payables		(8,128,933)	3,242,150
Net cash generated from operations		277,737	12,045,665
22 Commitments			
i) Financial Commitments			
Operating lease commitments – where the Centre is the lessor			
The Centre has rented out properties under cancellable operating leases. The future minimum rent receivable under cancellable rent agreements are as follows:			
Not later than 1 year		14,672,580	13,111,258
Later than one year but not later than 5 years		11,866,802	11,428,576
		26,539,382	24,539,834

	2018 P	2017 P
22 Commitments (continued)		
Operating lease commitments - where the Centre is the lessee		
The future minimum rent payments under cancellable lease agreements are as follows:		
Not later than 1 year	7,639,436	7,774,046
Later than 1 year and less than 5 years	9,547,445	4,980,010
	17,186,881	12,754,056
ii) Capital Commitments		
There were no capital expenditure contracted for but not yet incurred or approved and not contracted for at the reporting date		
23 Financial Instruments by Category		
The accounting policies for financial instruments have been applied to the line items below:		
Loans and Receivables:		
<i>Assets as per statement of financial position</i>		
Trade and other receivables excluding prepayments	2,381,467	1,279,248
Cash and cash equivalents	79,906,999	98,314,447
	82,288,466	99,593,695
Other financial liabilities at amortised cost:		
<i>Liabilities as per statement of financial position</i>		
Trade and other payables excluding non-financial liabilities	19,564,621	49,815,083
24 Credit quality of Financial Assets		
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter party default rates:		
Trade receivables		
Group 2	837,562	76,061
Total fully performing trade receivables	837,562	76,061
Group 2 - Existing customers with no defaults in the past		

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31 March 2018

	2018 P	2017 P
24 Credit quality of Financial Assets (continued)		
Cash at bank and short-term bank deposits		
First National Bank of Botswana Limited	13,867,670	11,177,083
Barclays Bank PLC - United Kingdom	318,776	943,093
Standard Chartered Bank Botswana Limited	14,243,945	33,408,808
Bank Gaborone Limited	10,000,000	15,094,521
First National Bank of South Africa Limited	87,138	56,005
Stanbic Bank Botswana Limited	283,656	283,840
STANLIB Investment Management Services (Proprietary) Limited	40,244,502	36,653,128
Bank of India	854,257	689,922
	<b>79,899,945</b>	<b>98,306,400</b>

The Centre only deposit cash with major banks with high quality credit standing and limits exposure to any one counter-party. The Centre has deposits with Standard Chartered Bank Botswana Limited, Stanbic Bank Botswana Limited, Stanlib, First National Bank of Botswana Limited, Barclays Bank PLC, Bank Gaborone and Bank of India. There are no credit ratings available in Botswana.

First National Bank of Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of First Rand Holdings Limited, a company listed on the Johannesburg Stock Exchange.

Standard Chartered Bank Botswana is listed on the Botswana Stock Exchange and is a subsidiary of Standard Chartered PLC, a company listed on the London Stock Exchange.

Barclays Bank PLC - UK is listed on the London Stock Exchange and has a credit rating of AA- (Fitch rating).

Stanbic Bank Botswana Limited is a long established bank in Botswana and a subsidiary of Standard Bank of South Africa. Standard Bank of South Africa is listed on the Johannesburg Stock Exchange.

STANLIB Investment Management Services (Pty) Ltd is a joint venture between Stanbic Botswana and Stanlib Limited. Stanbic Bank Botswana Limited is a long established bank in Botswana and a subsidiary of Standard Bank of South Africa. Standard Bank of South Africa is listed on the Johannesburg Stock Exchange and has a credit rating of F2 for short term credits (Fitch rating).

Bank of India is a nationalised bank in India. The bank has overseas presence in over 22 foreign countries spread over 5 continents.

#### 25 Related Party Transactions

Botswana Investment and Trade Centre (BITC) was established under the Botswana Investment and Trade Centre Act, 2011 in order to promote, attract, encourage and facilitate local and foreign investments in Botswana as well as export development and custodianship and promotion of the nation's brand.

	2018 P	2017 P
25 Related Party Transactions (continued)		
a) Transactions with the Ministry of Investment, Trade and Industry;		
Grant income received for the year	100,330,560	97,557,680
Less : capital grants for the year (Note 17)	(811,208)	(3,191,730)
	<u>99,519,352</u>	<u>94,365,950</u>
b) Transaction with government owned entities		
Net expense incurred - Special Economic Zones Authority	23,265,302	12,668,233
c) Payable to government owned entities		
Special Economic Zones Authority	8,519,179	30,036,666
b) Key management compensation		
Key management includes Board of Directors and members of the executive committee. The compensation paid or payable to key management for employee services together with payments made to the directors are shown below;		
Key management - Basic salary	4,681,233	4,628,040
Key management - Allowances	2,868,590	3,427,003
Key management - Gratuity and leave pay	2,620,991	218,886
Management - Total	<u>10,170,814</u>	<u>8,273,928</u>
Payments made to directors	155,190	107,100
	<u>10,326,004</u>	<u>8,381,028</u>

## 26 Contingent liabilities

The Centre has made a voluntary disclosure on VAT in respect of BITC's South African Regional Office for years of assessment 2013 to 2018. A provision has been made in the financial statements in respect of the estimated tax exposure (Refer Note 19).

Thus the total amount of P2 817 218 was provided for as at year end. There were no other contingent liabilities at the reporting date.

## 27 Events after Reporting Date

There were no events that occurred after the reporting date which would require adjustments to or disclosures in the financial statements.

## DETAILED CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2018

	Schedule	2018 P	2017 P
<b>INCOME</b>			
Government subventions		99,519,352	94,365,950
Global Expo income		1,487,454	1,416,765
Rental income		16,889,746	17,037,212
<b>Total income</b>		<b>117,896,552</b>	<b>112,819,927</b>
<b>EXPENDITURE</b>			
Investment promotion expenses	1	4,478,966	2,521,527
Export promotion expenses	2	3,682,949	2,488,933
Aftercare expenses		31,288	9,707
Public relations expenses	3	3,962,212	4,265,386
Branding expenses		5,046,431	6,457,597
Research expenses	4	1,202,915	698,644
Staff costs	5	46,602,261	52,362,408
Global Expo expenses		8,387,221	8,846,249
Administrative expenses	6	36,059,155	27,984,613
Depreciation		3,042,735	4,316,097
Amortisation of intangible assets		13,935	126,202
<b>Total expenditure</b>		<b>112,510,068</b>	<b>110,077,363</b>
Other income		3,754,549	4,480,109
Investment property fair value adjustment		4,240,493	(29,314,072)
<b>Operating surplus / (deficit) for the year</b>		<b>13,381,526</b>	<b>(22,091,399)</b>

This detailed income statement does not form part of the financial statements covered by the audit opinion on pages 74 to 77.

## NOTES TO THE DETAILED CONSOLIDATED INCOME STATEMENT

as at 31 March 2018

	Note	2018 P	2017 P
1	Investment Promotion Expenses		
	Management fees	-	10,161
	Inward promotion mission	335,559	355,724
	External missions	4,143,407	2,155,642
		4,478,966	2,521,527
2	Export Promotion Expenses		
	Export development	1,646,844	836,174
	Export promotion	2,036,105	1,652,759
		3,682,949	2,488,933
3	Public Relation Expenses		
	Gifts and donations	2,380	264,197
	Corporate social responsibility	555,632	708,186
	Promotional material	346,786	651,028
	Exhibitions	361,947	-
	Branding	345,492	1,192,196
	Advertising	1,531,485	717,882
	Publications	818,490	731,897
		3,962,212	4,265,386
4	Research expenses		
	Market intelligence	1,202,915	698,644
		1,202,915	698,644

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 74 to 77.

## NOTES TO THE DETAILED CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2018

	2018 P	2017 P
5 Staff Costs		
Car allowance	2,067,232	2,527,703
Cell phone allowance	374,593	228,979
Entertainment allowance	266,388	320,889
Executive allowance	-	1,932
Foreign service allowance	1,538,596	1,307,548
Gratuity	6,261,714	6,930,450
Leave pay	1,063,522	1,093,378
Medical aid	1,331,123	1,429,050
Overtime allowance	58,199	66,304
Recreational expenses	102,291	85,073
Staff welfare and recreation	304,521	679,262
Salaries and wages	28,017,404	33,049,695
Utility allowance	319,306	393,765
Housing allowance	2,120,713	2,429,523
Education allowance	398,738	54,576
Training	1,675,703	978,199
Staff movements	116,627	392,840
Recruitment expenses	348,600	341,950
SDL/UIF Contribution	236,991	51,292
	<u>46,602,261</u>	<u>52,362,408</u>

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 74 to 77.

## NOTES TO THE DETAILED CONSOLIDATED INCOME STATEMENT

	2018 P	2017 P
6 Administrative Expenses		
Auditors' remuneration	430,141	297,697
Provision for bad debts - trade debtors	627,412	112,210
- TDS receivables	823,100	215,348
Impairment of assets	1,650,015	-
Bank charges	120,615	124,047
Board activities	158,521	125,218
Car rental	(2,402)	16,881
Computer expenses	3,337,773	3,841,823
Directors' fees	155,190	107,100
Entertainment	163,895	142,967
Insurance	642,861	645,884
Motor vehicle running expenses	241,165	300,406
Office equipment lease	631,080	450,922
Office expenses	442,494	432,110
Stationery	320,106	383,806
Professional, consultancy and legal fees	8,384,275	2,635,462
Property maintenance	2,646,142	1,586,886
Rates	328,726	248,971
Rent	7,960,202	9,069,950
Security expenses	1,119,050	1,001,102
Seminars and conferences	285,387	562,746
Subscriptions	123,730	155,385
Transport, travel and subsistence	2,575,308	2,147,595
Telecommunications	1,557,177	1,606,058
Utilities	1,337,192	1,774,039
	<u>36,059,155</u>	<u>27,984,613</u>

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 74 to 77.



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